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## THE DISAM JOURNAL OF INTERNATIONAL SECURITY ASSISTANCE MANAGEMENT

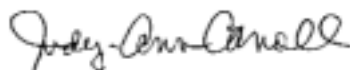
With the first issue of the *DISAM Journal* in the new millennium, we feature in our lead article the success that our security cooperation programs had in the air war in Yugoslavia. The whole operation was conducted with no losses to Allied forces, a feat unparalleled in the annals of combat. In many respects, the NATO response was due in large part to the interoperability and coalition building that have been the focus of cooperative efforts among the allies for many years. By sharing equipment, logistics support, training, and munitions, we could create an effective fighting force, the success of which may never be equaled. The Office of the Deputy Undersecretary of the Air Force for International Programs led the way in processing emergency requests for missiles and precision guided munitions. By expediting the security assistance process from weeks to days, SAF/IA was able to support combat missions without imperiling the overall operation. Kosovo is now a flagship example of how security cooperation can be a force multiplier for the United States. Our efforts to reinvent security cooperation will serve to ensure that such success will be more easily replicated in the future.

In this issue, as is our custom, we present the fiscal year 2000 legislation that is relevant to the security cooperation community. Aside from an infusion of funds into the Middle East resulting from the Wye River peace agreements and increases in funds for disaster relief and for enhancing the security of American embassies around the world, funding levels were similar to those the past few years. Of note to the security cooperation community, however, is Congressional interest about the mechanisms of control of exports of high technology, continued concern about foreign military training, and new reporting requirements of offsets in defense exports. Unfortunately, as we go to press we do not yet have the country budget allocations of the security assistance programs. These will appear in our spring issue.

Our commitment to improved communications with all security cooperation stakeholders continues to generate ideas about reinvention. In our Perspectives section, we have more commentary on two reinvention proposals, the permission for foreign observation of contract negotiations and the clarification of offset costs that may be included in contracts for FMS customers. Also, there are some cogent ideas on conducting and managing appropriate training in emerging democracies.

While DISAM has built its reputation as a schoolhouse over the last two decades, our mission has changed over the last few years to include support of the SAO's automation needs. Whether we are talking about the Training Management System, the Security Assistance Automated Resource Management System, or the Security Assistance Network, DISAM has played a central role in the development and fielding of these systems. As we look for improvements in information technology to enhance our conduct of security cooperation, DISAM will continue to occupy a prominent place in this arena.

Finally, we are proud to honor one of our community's members. Major Neil Kringel was awarded the Airman's Medal for his heroic acts in the wake of the tragic terrorist bombing of the American Embassy in Nairobi in August, 1998.



**JUDY-ANN CARROLL**  
*Colonel, USA*  
*Commandant*

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# ***THE DISAM JOURNAL***

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## ***FEATURE ARTICLE***

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### **Cooperation, Success and Precision in Kosovo: Security Assistance Hits the Mark!**

**By**

**Major James Rake, USAF  
and  
Lieutenant Colonel Dane Marolt, USAF  
Office of the Deputy Undersecretary of the  
Air Force for International Affairs**

*“In February and March 1999, the Belgian Air Force made an emergency request to the U.S. Air Force to purchase Maverick missiles needed to support our participation in Kosovo air operations...I am writing this letter to thank your Air Force for the quick and positive response...Your rapid reaction reflects once more the close relationship which exists between our two air forces.”*

Letter of Appreciation from MGen Mardaga, Deputy Chief of Staff for Plans, Operations and Personnel, Belgian Air Force to SAF/IA

Kosovo, the very name evokes images of precision aircraft and weaponry—of carefully taking out a target while minimizing collateral damage, of an entire conflict fought with zero Allied combat losses, of combat missions flown with either American aircraft or munitions—it all adds up to an amazing bulls-eye for NATO and America. But, how did we get to the point where Air Forces of many different countries were able and willing to operate in a combined arms setting? Not easily. The victory in Operation Allied Force was fifty years in the making. Its origins can be traced to NATO’s founding and the determination of the transatlantic allies to work together for peace. The victory in Kosovo was in many ways a victory for engagement and a validation of the efforts of those who make security assistance work.

Making security assistance work is what we do in SAF/IA, a unit of 200 people reporting Willard H. Mitchell, the Deputy Undersecretary of the Air Force for International Affairs. Prior to assuming his current position, Mr. Mitchell served as the deputy assistant secretary of the Air Force for program and budget, the Air force’s principal deputy assistant secretary for financial management, and, in senior executive positions where he was responsible for international business development for Lockheed Aeronautics Systems and Teledyne Industries International.

We promote successful engagement by focusing on our principal National Military Strategy goals: shaping the international environment, responding to the full spectrum of crises, and preparing now for an uncertain future. SAF/IA’s mission remains constant yet evolving: to create, advocate and facilitate USAF policies and programs that support U.S. national security objectives through international politico-military affairs, the \$108 billion foreign military sales program, education and training, cooperative research and development, and related endeavors, in concert with U.S. government, foreign and industry partners. These efforts, that paid such huge dividends

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in Kosovo, will only become more important as the USAF implements the new Expeditionary Aerospace Force (EAF) concept.



## Shaping the Environment

**Engagement.** Security assistance represents a powerful tool for shaping the international environment through various forms of engagement activity, including International Military Education and Training, shared military research and development, and foreign military sales (FMS). Additionally, we help to shape the international environment by building people to people relationships. Our attachés, foreign area, exchange and security assistance officers build relationships with their counterparts and other internationals. Relationships lead to access and influence. Some of our attachés are on a first name basis with the ruler of a country!

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**Interoperability and coalition building.** It was no surprise that in Kosovo, and to a similar but less exclusive extent in the Gulf War, American aircraft and munitions played a dominant role. Efforts to achieve interoperability in order to fight effectively in a coalition are not new. The need was recognized at least as early as WWII. However, the events of this decade have taught us that effective coalition warfare is not a luxury, but a necessity, as our National Security Strategy now indicates. By laying the foundation that allows allies to operate effectively together, security assistance serves as an indispensable U.S. military force multiplier!

## Responding to Crises

Kosovo only confirmed the startling revelations of the Gulf War as seen through footage of munitions heading through a door or down an airshaft. Precision guided munitions (PGMs) are not only effective but are becoming a virtual political as well as military necessity. The need to preserve the sometimes fragile Allied consensus for action in Kosovo demanded that NATO member nations share the military burden and that they do so with means suitable to the political realities. The need to limit collateral damage as an overriding political requirement put a premium on precision engagement capability. As our NATO allies used up their limited supply of PGMs, they had to find a source of replenishment or risk becoming spectators, an eventuality that could have undermined the sense of shared responsibility—and the political will—necessary to sustain the Alliance effort.

In order to meet this urgent need, SAF/IA led a senior level working group that included AF/XO, DSCA and others with the goal of expediting Allied requests for PGMs and other equipment in support of air operations over Kosovo. Over 4,800 munitions were delivered as well as other equipment (including LANTIRN pods and training) in a process accelerated from a normal one to two year lead time to a matter of weeks or days. Where able, production lines were accelerated or munitions issued from U.S. stocks. Payment/delivery options issues were resolved and the goods were delivered as soon as possible.

## Prepare Now

**EAF.** As Kosovo demonstrated, coalitions, alliances, and PGMs are clearly in our future. But, how do these trends play into the USAF reorganization around the Expeditionary Aerospace Force concept? First, a word or two about what the EAF is and why it came about. The EAF is

**The European Participating Air Forces specifically the Royal Netherlands Air Force was in the first wave of airstrikes over Kosovo scoring one MiG kill. this was the first operational launch of an AMRAAM missile fired by one of our NATO Allies. Netherlands Significant Activities Report, ODC The Hague.**

a 21st century USAF organized, trained and equipped to deploy and sustain itself in the global security environment. In essence, ten Aerospace Expeditionary Forces (AEFs) will be put together from various units in the USAF representing different air power missions. Two of these AEFs will be “on call” at any given time for immediate deployment. Theater or warfighting CINCs use capabilities of AEFs to tailor

their responses. Under joint operations, the aerospace arm of the CINCs joint task force would be comprised of the Aerospace Expeditionary Task Force. This task force, made up of aerospace expeditionary wings, groups or squadrons, would meet the daily operational requirements of the CINC. How is this different from the past? Well, formerly units were tasked as needed on an ad hoc basis in a more reactive mode and pieced

together as a fighting unit after arrival in theater. Now, these units will have a set schedule, will train together and fight together. Why did this come about? During the cold war we had far more aircraft and personnel forward based in Europe, Asia and other locations. These “tip of the spear” personnel were ready for any conflict and formed the basis for an expeditionary force. Today, with two-thirds fewer overseas bases, with an average of 14,000 personnel and 220 aircraft deployed at any given time a change was necessary.

#### **EAF: Why?**

¥ **USAF average 14,000 people, 220 Aircraft deployed at any given time**

¥ **Two thirds less overseas basing**

¥ **One third less people**

¥ **Four times more deployments than cold war**

¥ **Engagement vs containment strategy**

Not only will CONUS-based AEFs deploy to fight the next conflict, they continue to deploy in “peacetime” areas of operational need such as in Kosovo and Operations Northern/Southern watch. Should an AEF be needed in time of conflict or in a peacekeeping operation, will they have the access to overseas operating locations they will need? Will they be able to integrate and operate with the other forces participating in the coalition? Drawing perhaps the most important lesson of all from the Allied victory in Kosovo, it is our solemn duty to ensure that by preparing now for an uncertain future, the answer to those questions will be yes!

**Future.** Since 1995, SAF/IA has been “reinventing” USAF security assistance procedures both internally and in concert with other U.S. government agencies and industry/foreign customers tremendous progress has been made. Our Reinvention Laboratory (RLAB) has worked to streamline FMS processes by eliminating duplication, reducing costs, and enhancing responsiveness to our customers. Chaired by BGen Jeffrey Kohler, Assistant Deputy, Under Secretary of the Air Force, International Affairs, RLAB efforts are directed by a senior USAF FMS manager steering committee coordinating four process action teams: case execution, disclosure, financial management, and training. Deputy Secretary of Defense Hamre’s call in the spring of 1998 to reengineer and improve the FMS system increased the momentum and appetite for improvement and has accelerated our determination further. We have combined our efforts with those of our sister services and have begun improvement efforts in related areas.

**Export Licensing.** Through the DoD-chartered Export Control Rapid Improvement Team we have begun to see improvements in interagency coordination. Two of our proposals, a license application guideline template for U.S. defense industry and refining guidance on what license cases need to be referred to the Air Force (and other services), were adopted already. These and other internal improvements have reduced our average license review time from 40 to 7 days and have reduced our average outstanding case load from 700 to approximately 150 cases! Improving our license review and service to customers and industry continues to be a high priority for us.



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**Teaming with Industry.** Our efforts to include industry in our RLAB and export license improvement efforts echoes the call by the Under Secretary of Defense for Policy and the Under Secretary of Defense for Acquisition and Technology to form a united U.S. front in international competitions. During the past year continuous give and take with our industry partners and HJFord (charged to lead the overall DoD and DSCA's FMS reform process) facilitated teaming measures. These partnerships have not only intensified our endeavor but also enhanced our responsiveness to our international partners.

**Training.** We have aggressively pursued a new enhanced training initiative designed both to better prepare USAF security assistance personnel and to increase foreign visibility into the FMS processes. Our new formal financial training curriculum begins in early spring and is the result of inter and multi-service collaboration. Teaming with the Air Force Financial Management Directorate, the Defense Finance and Accounting Service, and the other services, we have collaborated closely with DISAM to develop the first FMS case closure/reconciliation instructional program. This collaboration has already improved our FMS practices and given our international partners much of the transparency they have sought.

**Cooperation.** One final note on the future. We are always looking for ways to cooperate with our friends and allies. We save money this way, but more importantly we gain the trust, confidence and a close working relationship with our friends. Take, for example, the joint Japan-U.S. Aces II ejection seat program. Japan and the U.S. have a need for an ejection seat that will accommodate smaller pilots. Instead of a wholly financed, developed and produced U.S. solution (costly) that we would sell to the Japanese (politically unpopular) a joint Japan-U.S. program is a win-win solution.

## Shooting Ahead

As we enter the 21st century, the United States faces an uncertain and rapidly changing global environment, replete with both opportunities and challenges. Where we have vital interests, the U.S. military strives to strengthen core alliances and allies to prepare for these changes. Our defense efforts not only help to promote regional stability, but allow us to shape the international environment to meet the objectives of U.S. National Security Strategy. As Operation Allied Force proved, by leading and assisting our international partners, we can adapt successfully to today's new challenges and enhance U.S. security at home and abroad.

Though predominantly an aerospace effort, the Kosovo experience contains lessons for the entire U.S. security assistance community. A successful coalition operation cannot be cobbled together overnight. We pave the way to success in future conflicts now. We, SAF/IA, commit ourselves to the continuous improvement of security assistance processes and look forward to future U.S. international engagement efforts.

## About the Authors

Major Rake is a politico-military affairs advisor to the Under Secretary of the Air Force, International Affairs (SAF/IA). He is the administrator of SAF/IA's reinvention laboratory. He holds a BA degree in international affairs from the University of South Carolina, and a master's degree in political science from Auburn which he completed while attending Air Command and Staff College at Maxwell AFB. Maj James Rake can be reached at (703) 588-8928, or his e-mail address is [James.Rake@Pentagon.af.mil](mailto:James.Rake@Pentagon.af.mil)

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Lt Col Dane A. Marolt is a politico-military affairs advisor to the Under Secretary of the Air Force, International Affairs (SAF/IA). He is a C-130 Master Navigator with over 3300 flying hours. He holds a B.S. degree from the Air Force Academy and a masters degree from Kennesaw College. Lt Col Dane Marolt can be reached at (703) 588-8973, or his e-mail address is [Dane.Marolt@Pentagon.af.mil](mailto:Dane.Marolt@Pentagon.af.mil).

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# ***LEGISLATION AND POLICY***

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## **Fiscal Year 2000 Security Assistance Legislation**

**By**

**Kenneth W. Martin**

**and**

**Craig M. Brandt**

**Defense Institute of Security Assistance Management**

### **Introduction**

This report is the sixteenth in a series of annual legislative studies published in *The DISAM Journal*. This year's report presents a summary and analysis of the legislation impacting on United States security assistance programs in FY2000 and beyond. As in prior years, the report is presented in an extended outline format. This summary approach, together with the use of boldface print to identify key topics, has proven useful for reference purposes in locating specific statutory provisions. DISAM's objective in producing these annual reports is to disseminate important new legislative information to assist security assistance managers and executives throughout the world. This report should enhance their understanding of the changing statutory requirements that implement the policy choices which are reflected in the U.S. security assistance programs. This year's legislation requires a 0.38 percent budget rescission for fiscal year 2000 which has not been completed. As a result, at press time, the final allocations of the security assistance appropriations have not been agreed upon; consequently the figures that normally accompany this article will be included in the spring edition of *The DISAM Journal*.

Again for 2000, Congressional action of the budget of interest to the security cooperation community was not passed until after the beginning of the fiscal year, thus necessitating a series of continuing resolutions. Work on the defense bills was completed first. The *National Defense Authorization Act for Fiscal Year 2000*, P.L. 106-65 of 5 October 1999, and the associated *Department of Defense Appropriations Act, 2000*, P.L. 106-79, 25 October 1999 provided for various ship transfers, threat reduction programs, and a comprehensive report on training of foreign militaries. Congressional-executive wrangling over foreign relations issues revolved around the Wye River commitments and the impact on the budget ceiling of the foreign aid bill. Ultimately, the legislation covering foreign relations as well as matters under the purview of other executive departments were enacted in *The Consolidated Appropriations Act, FY2000*, P.L. 106-113, 29 November 1999. *The Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001* is included as Division B, Section 1001(a)(7) of the latter act, while the *Foreign Operations, Export Financing, and Related Appropriations Act, 2000*, is also contained in the omnibus appropriations legislation. Congressional requirements affecting security cooperation programs are also found in various other pieces of legislation which are covered below.

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Again this year, the amounts appropriated for the security assistance programs for FY2000 show little change from the previous years. The FY2000 amounts for Economic Support Fund (ESF) and the Foreign Military Financing Program (FMFP) were upped substantially for Israel, Jordan, and the West Bank as a result of the Wye River agreements. Of interest to the security assistance community at large are the increases in the funding for disaster relief and humanitarian aid as well as for enhancing the security of American embassies around the globe.

Recent revelations about past relations with China have focused attention on the whole matter of export controls of high technology. Consequently there is great emphasis in the legislation on controls of exports to China. This scrutiny has been extended to the entire licensing process, with Congressional admonitions that the State Department's Office of Defense Trade Controls and the Defense Department's Defense Threat Reduction Agency should receive adequate resources to ensure thorough and timely reviews of export license applications.

The report of foreign military training instituted last year has been codified as an annual report due 31 January each year. This report contains substantial detail on the training of each individual so that it can be shown that human rights abusers are not receiving training from the U.S.

Included in the foreign relations authorization act is Title XII, Subtitle D, Sections 1241-1248, entitled the *Defense Offsets Disclosure Act of 1999*. These sections report Congressional concerns with offsets in exports of weapons and add significant reporting requirements on manufacturers who offer offsets as part of their export packages. These reporting requirements augment those already imposed by the Defense Production Act of 1950, as amended. The legislation also establishes a national commission of the use of offsets in the defense trade consisting of members of industry, labor, academe, and various executive departments.

Finally, there is a one-time reimbursement to the military personnel accounts and the general treasury to cover unfunded civilian retirement and other benefits. This is intended to return to the DoD accounts monies used to pay those personnel who are employed in support of the security assistance business.

**Reference Sources:** The following abbreviated titles are used in this report to identify the principal sources of information used herein.

- **AECA:** *Arms Export Control Act*, as amended.
- **FAA:** *Foreign Assistance Act of 1961*, as amended.
- **P.L.106-113:** *The Consolidated Appropriations Act, FY2000*, 29 November 1999, which incorporates the *Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001* and the *Foreign Operations, Export Financing, and Related Appropriations Act, 2000*.
- **FY2000 Congressional Presentation:** The Secretary of State, *Congressional Presentation (CP) for Foreign Operations, Fiscal Year 2000*.

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- **Conference Report:** Conference Report on H.R. 3422, *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000*, as published in the Congressional Record, 17 Nov 1999, pp. H12311 - H12341.

## **FY2000 Funding Allocations**

Following the enactment of the annual appropriations for foreign operations, the Administration is tasked with specifying the amount of appropriations to be allocated among each eligible foreign country and international organization. Pursuant to the requirements of §653, AECA, the Administration must notify Congress of these funding allocations within 30 days following the enactment of “any law appropriating funds to carry out any provision” of the AECA. These allocations distribute the funds that Congress has not specifically earmarked for particular countries and programs. Where available, these allocations are included below to indicate the policy choices made for the funds appropriated.

### ***Foreign Operations, Export Financing, and Related Programs Appropriations Act, 2000, November 17, 1999, P.L. 106-113.***

- **Foreign Military Financing Program (FMFP), Title III, Military Assistance**
  - ***FMFP Grant Earmarks***
    - FMFP grant funding for FY2000 has been set for Israel at \$1.92 billion while the earmark for Egypt remains at \$1.3 billion where it has remained for thirteen years.
    - The earmarks for these two FMFP grant countries total \$3,220M and represent 94 percent of FY2000 grant FMFP funding.
  - ***Special FMFP Provisions for Israel***
    - As in past years, Congress continued to attach two special provisions to the FMFP appropriation for Israel. These provisions permit significant utility and flexibility in Israel’s use of these grant funds.
    - The first such provision directs the disbursement of Israel’s entire FMFP account to occur within 30 days of the enactment of P.L. 106-113.
    - Secondly, not less than \$490M of Israel’s FMFP appropriation is available in FY2000 for “the procurement in Israel of defense articles and defense services, including research and development.” This provision represents an exception to the general restriction on the use of FMFP funds by recipient countries to finance offshore (i.e., non-U.S.) procurements (OSP). To implement this special provision, Israel and the United States must agree on the weapon systems for which these funds will be used. This represents an increase of \$15M over last year’s OSP authority of \$475M, representing 25 percent of the total FY2000 FMFP increase of \$60M for Israel.

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- ***Assistance for Jordan***
    - Congress earmarked \$75M in grants for Jordan.
  - ***Assistance for Tunisia***
    - Tunisia received a grant of \$7M, of which up to \$4M can be in drawdowns.
  - ***Assistance for Ecuador***
    - Ecuador received up to \$1M in FMFP grants.
  - ***Assistance for Georgia***
    - The Conference Committee recommended that sufficient FMFP funds be made available to Georgia to complete the the funding for the transfer of UH-1H helicopters.
  - ***African Crisis Response Initiative***
    - The Conference Committee supported the full request for the African Crisis Response Initiative so that the funds could be utilized to foster the growth of democracy and the protection of human rights in Africa. It is the opinion of the committee members that the funds should not be directed to undemocratic governments with a history of human rights abuses by their militaries.
  - ***Countries Prohibited/Restricted from Receiving FMFP Funding***
    - For FY2000, no FMFP funding may be provided to Guatemala, Sudan and Liberia; all three countries have been similarly prohibited from receiving FMFP funds for the last four years.
  - ***FMFP Loans*** (repayable credits)
    - This year no FMFP repayable loans were sought by the administration nor authorized in Congress for FY2000.
  - ***Funding for the General Costs of Administering Military Assistance***
    - The FMFP appropriations account also includes funds that are used to finance certain military assistance administration costs. As identified in the *FY2000 Congressional Presentation for Foreign Operations*, these “Defense Administrative Costs” represent the costs to manage the non-FMS segments of security assistance programs as authorized under the AECA and the FAA. These functions include staffing headquarters, personnel management, budgeting and accounting, office services and facilities, and support for non-FMS functions of SAOs. Activities covered by Defense Administrative Costs include administration of the IMET program, management of drawdowns of military equipment, grant transfers of EDA, monitoring end items previously transferred, and full cost recovery associated with International Cooperative Administration Support Services (ICASS). For FY2000, Congress approved funding for \$30,495,000.

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- ***FMS Administrative Budget***

- This *non-appropriated* budget supports the administrative expenses of security assistance organizations, agencies, military departments, etc., related to the implementation of foreign military sales. The FMS Administrative Budget is funded by surcharges which are added to all FMS cases in order to recover United States Government expenses for the following activities: sales negotiation, case implementation, program control, computer programming, accounting and budgeting, and administration of the FMS Program at command headquarters and higher levels. The funds derived from these charges provide the basic financial resources used in the administration of the Foreign Military Sales Program. Though it remains a non-appropriated funding source, Congress nevertheless followed its current practice of limiting annual administrative expenditures to a specified ceiling. For FY2000, Congress approved an operating budget ceiling of \$330M.

- **International Military Education and Training (IMET), Title III, Military Assistance**

- The Administration requested \$52M for the FY2000 IMET Program, however, this was reduced by both Congressional committees, and only \$50M was appropriated. Of this amount, \$1M remains available until expended.

- ***Civilian Participation in IMET***

- The Act provides authority for IMET participation by civilian personnel who are not members of a government if their “participation would contribute to improved civil-military relations, civilian control of the military, or respect for human rights.” Similar authority is provided in §541, FAA.

- ***School of the Americas***

- The Conference Committee makes the obligation of IMET funds contingent upon the certification of the Secretary of Defense that “the instruction and training provided by the School of the Americas is fully consistent with training and doctrine, particularly with respect to the observance of human rights, provided by the Department of Defense to United States military students of Department of Defense institutions whose primary purpose is to train United States military personnel.”

- In addition, the Secretary of Defense must submit a report to the Committee on Appropriations no later than 15 January 2000 describing the training activities of the School and a general assessment regarding the performance of its graduates during 1997-1998.

- ***Indonesia and Guatemala***

- The legislation limits both Indonesia and Guatemala to Expanded IMET-funded training only. With respect to Guatemala, IMET funds may only be made available to the Government of Guatemala following the regular notification of the House and Senate Appropriations Committees.

- The limits on grant training provided to Indonesia is in line with the Conference Committee’s desire to support a peaceful resolution to the situation in East Timor. The conferees

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believe that the limitation of training to E-IMET would bolster efforts by the Indonesian government to respect and protect human rights and democratic pluralism.

- **Economic Support Fund (ESF), Title II, Bilateral Economic Assistance**

- The Administration requested \$2,563.6M for the ESF Program for FY2000; however, only \$2,345.5M was appropriated.

- *Assistance for Israel*

- This year's appropriation earmarks \$960M for Israel and \$735M for Egypt. This amount continues the phased reduction in Israel's economic assistance, implemented in equal increments of \$120M per year for a period of ten years, starting in FY1999. The result will be the elimination of ESF for Israel. Half of the ESF reduction is transferred to military assistance, thus enabling Israel to fully ensure its security.

- The ESF funding for Israel is once again to be made available as a cash transfer and is stipulated to be disbursed no later than 31 October 1999.

- *Assistance for Egypt*

- This year's ESF appropriation also reflects the decision in 1999 to reduce aid to the Middle East. Egypt's ESF budget is being reduced in \$40 million increments to reach a level half of the 1998 level in ten years. Consequently, the Committee recommended an appropriation of \$735M for Egypt's share of ESF for FY2000, which is \$40M less than prior years' funding.

- Cash transfer of Egypt's grant ESF appropriation is also again authorized for FY2000, "with the understanding that Egypt will undertake significant economic reforms which are additional to those which were undertaken in previous fiscal years." Not less than \$200M is provided as Commodity Import Program assistance.

- *Assistance for Jordan*

- Provisions were made for not less than \$150M to be provided to Jordan. The Conference Committee commended Jordan's constructive and critical role in the peace process, and the ESF should permit Jordan to continue in its efforts in both the economic and security areas. The Committee also encouraged Jordan to continue its ongoing economic reform program.

- *Assistance for East Timor*

- Not less than \$25M is available for assistance to East Timor

- *Assistance for Victims of the Holocaust*

- In an effort to see that the legacy of the Holocaust is addressed in a constructive manner and that a measure of justice and redress is provided to the survivors of the Holocaust, not more than \$11M was appropriated for support of Holocaust victims.



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- *Assistance for Eastern Europe and the Baltic States (Title II)*

- For FY2000, Congress has appropriated \$535M for economic assistance and related programs for Eastern Europe and the Baltic States to carry out the provisions of the FAA and the *Support for Eastern European Democracy (SEED) Act of 1989*. This is an increase of \$105M above the \$430M appropriated for this account for FY1999. Several stipulations relating to assistance for the Federation of Bosnia and Herzegovina, as proposed by the House, are attached to this account and are discussed below.

- Not more than \$130M of the funds made available under ESF as well as International Narcotics Control and Law Enforcement may be made available for Bosnia and Herzegovina.

- Since FY1998, none of these funds may be used “for new housing construction or repair or reconstruction of existing housing in Bosnia and Herzegovina unless directly related to efforts of United States troops to promote peace in said country.”

- Also, the President is authorized to withhold economic revitalization program funds for Bosnia and Herzegovina if he determines and certifies to the House and Senate Appropriations Committees that:

- (1) the Federation of Bosnia and Herzegovina has not complied with the 1995 Dayton Agreement [Article III of Annex 1-A, *General Framework Agreement for Peace in Bosnia and Herzegovina*] regarding the withdrawal of foreign forces; and that,

- (2) “intelligence cooperation on training, investigations, and related activities between Iranian and Bosnian officials has not been terminated.”

- Not less than \$150M shall be made available for assistance to Kosovo.

- The amount provided to Kosovo cannot exceed 15 percent of the total pledges of an international donors conference. Funds for Kosovo cannot be used for large-scale physical infrastructure reconstruction.

- *Assistance for the Independent States of the Former Soviet Union (Title II)*

- For FY2000, Congress appropriated \$839M for the Independent States and for related programs, an increase of \$39M above the amount appropriated for FY1999. As in prior years, a wide array of special conditions and funding earmarks are attached to this account, as the following examples illustrate:

- (a) Of the funds allocated for **Russia**, fifty percent shall be withheld from obligation until the President determines and certifies to the Congress that the Government of Russia has terminated implementation of arrangements to provide Iran with technical expertise, training, technology, or equipment necessary to develop a nuclear reactor, related nuclear research facilities or programs or ballistic missile capability.

- (b) Not less than \$180M shall be made available for **Ukraine**.

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- (c) Total funds made available under Title II for assistance to **Mongolia** in FY2000 will be not less than \$12M, of which \$6M will be ESF.

- (d) For FY2000, of the funds made available for the **Southern Caucasus Region**, fifteen percent of this funding “should be used for confidence-building measures and other activities relating to the peaceful resolution of the regional conflicts, especially those in the vicinity of **Abkhazia** and **Nagorno-Karabakh**.” [Abkhazia is a former autonomous republic located in the northwest portion of the Republic of Georgia. Separatists in this region have been deeply involved in a conflict with the Government of Georgia. Ngorno-Karabakh is an Armenian enclave in the Republic of Azerbaijan that has been similarly engaged in separatist conflict.]

- (e) Assistance to Armenia was reduced from 35 percent of the total to 12.2 percent (\$10.24M).

- (f) 12.92 percent (\$10.84M) shall be made available for Georgia.

- ***International Fund for Ireland (Title II)***

- As in the past several years, Congress appropriated \$19.6M in ESF for the International Fund for Ireland.

- In 1986, the British and Irish government established the International Fund for Ireland to permit contributors to demonstrate support for the Anglo-Irish Agreement of 1985. The European Union is the major contributor to the Fund, and contributions are also received from Canada, Australia, and New Zealand, as well as the United States. The Fund has promoted peace by contributing to the creation of thousands of jobs and by improving the economic situation of Northern Ireland and the border countries of Ireland, addressing needs in both Catholic and Protestant communities.

- ***Funding for Indonesia***

- Not less than \$75M may be made available to Indonesia from both the Economic Support Fund and the Development Assistance Fund, provided that not less than \$15M goes to activities administered by the Office of Transition Initiatives. Of the amount made available, up to \$25M may be derived from funds that are available for obligation pursuant to §511 of this Act or any comparable provision of the law. Ultimately none of these funds was made available from ESF.

- Section 589 IMET and ESF funds may be made available for Indonesia if the President determines and submits a report to the appropriate congressional committees that the Indonesian government and the Indonesian armed forces are:

- (1) taking effective measures to bring to justice members of the armed forces and militia groups against whom there is credible evidence of human rights violations;

- (2) taking effective measures to bring to justice members of the armed forces against whom there is credible evidence of aiding or abetting militia groups;

- (3) allowing displaced persons and refugees to return home to East Timor, including providing safe passage for refugees returning from West Timor;

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(4) not impeding the activities of the International Force in East Timor (INTERFET) or its successor, the United Nations Transitional Authority in East Timor (UNTAET);

(5) demonstrating a commitment to preventing incursions into East Timor by members of militia groups in West Timor; and

(6) demonstrating a commitment to accountability by cooperating with investigations and prosecutions of members of the Indonesian armed forces and militia groups responsible for human rights violations in Indonesia and East Timor.

- ***Miscellaneous Appropriations and Related Provisions, Title II, Bilateral Economic Assistance***

- ***Funds to Support the Wye River Agreements***

- To foster movement towards a lasting peace in the Middle East, Congress appropriated funds to support the agreements made in 1998 at Wye River, Maryland.

- Economic Support Funds in the amount of \$450,000,000 for Jordan and the West Bank and Gaza. Of this amount, \$100,000,000 for West Bank and Gaza will not be available for obligation until September 30, 2000.

- Additional grants of Foreign Military Financing funds were made as follows: Israel, \$1,200,000,000; Egypt, \$25,000,000; and Jordan, \$150,000,000. Of these funds, \$300,000,000 for Israel and \$100,000,000 for Jordan are to be made available for obligation on September 30, 2000.

- In both cases above, the monies remain available until September 30, 2002.

- ***Funding for Cyprus***

- As in previous years, the annual \$15M funding earmarked for Cyprus has been designated to be drawn from the annual Economic Support Fund and the Development Assistance appropriations accounts. The final allocation of \$15M was made from ESF.

- The purpose of this funding for Cyprus remains unchanged: the funds are to be used only for scholarships, administrative support of the scholarship program, bicommunal projects, and measures aimed at reunification of the island and designed to reduce tensions and promote peace and cooperation between the two communities on Cyprus.

- ***Funding for Lebanon***

- Of the funds appropriated under the headings "Development Assistance" and "Economic Support Fund", not less than \$15,000,000 should be made available for Lebanon to be used, among other programs, for scholarships and direct support of the American educational institutions in Lebanon.

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- ***Funding for Burma***

- As with Cyprus, an earmark of not less than \$6.5M is to be drawn from both the Development Assistance and Economic Support Fund accounts for FY2000 to support democracy and humanitarian activities in Burma, along the Burma-Thailand border, and for activities of Burmese student groups and other organizations located outside Burma. Only \$3.5M was allocated through ESF.

- ***Nonproliferation, Anti-Terrorism, Demining, and Related Programs (NADR), Title II, Bilateral Economic Assistance***

- This section funds many activities provided for in various pieces of legislation. The funds support anti-terrorism assistance authorized by the FAA, funding of the Nonproliferation and Disarmament Fund (NDF) as described in the FREEDOM Support Act, demining activities under the FAA and AECA, and voluntary contributions to the Korean Peninsula Energy Development Organization (KEDO), International Atomic Energy Agency (IAEA), and Comprehensive Nuclear Test Ban Treaty Preparatory Commission.

- FY2000 appropriations for the NADR account total \$216.6M. Of this amount, not more than \$15M can be made available for the Nonproliferation and Disarmament Fund, and \$40M should be made available for demining, clearance of unexploded ordnance, and related activities.

- ***Migration and Refugee Assistance - MRA (Title II)***

- Administered by the Department of State, MRA enables the Secretary of State to provide assistance to the international Committee of the Red Cross, the International Organization for Migration, and the United Nations High Commissioner for Refugees. For FY2000, \$625M was appropriated, a cut of \$15M from the previous year.

- Not less than \$60M of this account is earmarked for the support of refugees from the former Soviet Union and Eastern Europe and other refugees resettling in Israel.

- ***U.S. Emergency Refugee and Migration Assistance - ERMA (Title II)***

- The Department of State also administers the ERMA program. Funding from the ERMA account is drawn upon by the President to meet unexpected urgent refugee and migration needs when such assistance is determined to be important to the United States. For FY2000, this account is funded at \$12.5M, down from the \$30M provided in FY1999. These funds are treated as a “no-year” appropriation, as they remain available until expended.

- ***International Narcotics Control - INC (Title II)***

- Congress appropriated \$305M for the FY2000 International Narcotics Control Program, a \$44M increase above the FY1999 appropriation.

- Other FY2000 statutory provisions involving the INC program include the following:

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(1) Authorization for the State Department, to use the authority of §608, FAA, to receive excess property from an agency of the U.S. Government “for the purpose of providing it to a foreign country” under Chapter 8 of Part I of the FAA, the narcotics control provisions.

(2) New funding of \$5M shall be allocated to establish and operate the International Law Enforcement Academy for the Western Hemisphere at the deBremond Training Center in Roswell, New Mexico.

- ***International Disaster Assistance - IDA (Title II)***

- For the necessary expenses associated with international disaster relief, rehabilitation, and reconstruction assistance, Congress appropriated \$202.88M for FY2000 to remain until expended.

- ***Voluntary Peacekeeping Operations (PKO) Title III, Military Assistance***

- For FY2000, the Administration requested \$130M for voluntary peacekeeping operations assistance to friendly countries and international organizations. The level adopted by the Conference Committee and enacted for FY2000 was \$153M, a significant increase from last year's \$76.5M.

- Voluntary PKO appropriations reflect U.S. interest in supporting, on a voluntary basis, various peacekeeping activities that are not United Nations mandated and/or are not funded by U.N. assessments. The Voluntary PKO account promotes conflict resolution, multilateral peace operations, sanctions enforcement, and similar efforts outside the context of assessed U.N. peacekeeping operations. Funding for Voluntary Peacekeeping Operations is distinct from the bulk of international peacekeeping assistance which is contributed by the U.S. and other countries in fulfillment of their United Nations financial assessments, and which in U.S. budget documentation is termed, “Contributions for International Peacekeeping Activities” (CIPA).

***Miscellaneous Appropriations and Related Provisions, Title V, General Provisions***

- ***Limitations on Representational Allowances (§505)***

- Congress set ceilings on FY2000 FMFP and IMET allowances that are identical to those authorized for several years:

(1) FMFP: Not to exceed \$2,000 is available for entertainment expenses, and not to exceed \$50,000 shall be available for representational allowances,

(2) IMET: Not to exceed \$50,000 shall be available for entertainment.

- ***Prohibition Against Funding For Certain Countries (§507).***

- Non of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance or reparations to Cuba, Iraq, Libya, North Korea, Iran, Sudan, or Syria. §523 prohibits indirect funding to this list of countries except Sudan. The People's Republic of China is also subject to the restrictions on indirect funding.

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- ***Military Coups (§508)***

- None of the funds appropriated or otherwise made available pursuant to this Act shall be obligated or expended to finance directly any assistance to any country whose duly elected head of government is deposed by military coup or decree: until the President determines and reports to the Committees on Appropriations that a democratically elected government has taken office.

- ***Limitation on Assistance to Countries in Default (§512) [“Brooke Amendment”]***

- No assistance shall be provided to countries in default for a period in excess of one year in payments to the U.S. of principal or interest on a program for which funds are appropriated by this Act.

- This Section and §620(q) of the FAA shall not apply to funds appropriated by this Act for any narcotics-related assistance for Colombia, Bolivia, and Peru authorized by the FAA or the AECA.

- ***Special Notification Requirements (§520)***

- A special 15-day advance notification to the Committees on Appropriations is required prior to obligating or expending any of the funds appropriated in P.L. 106-113 for FY2000 for Colombia, Haiti, Liberia, Pakistan, Panama, Serbia, Sudan, or the Democratic Republic of Congo.

- Honduras is removed from the FY1999 list for which this notification was required.

- Panama is added to the FY1999 list.

- ***Prohibition on Bilateral Assistance To Terrorist Countries (§527)***

- Funds appropriated for bilateral assistance under any heading of this Act and funds appropriated under any such heading in a provision of law enacted prior to the enactment of this Act, shall not be made available to any country which the President determines and grants sanctuary from prosecution to any individual or group which has committed an act of international terrorism, or otherwise supports international terrorism.

- The President may waive the application of this section to a country if national security or humanitarian reasons justify such waiver.

- Similarly, §549 provides that no funds will be made available to any foreign government which provides lethal military equipment to a country the government of which the Secretary of State has determined is a terrorist government for purposes of §40(d) of the Arms Export Control Act.

- ***Commercial Leasing of Defense Articles (§528)***

- The authority of §23(a) of the Arms Export Control Act may be used to provide financing to Israel, Egypt and NATO and major non-NATO allies for the procurement by leasing (including leasing with an option to purchase) of defense articles from United States commercial suppliers, not including Major Defense Equipment (other than helicopters and other types of aircraft having

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possible civilian application), if the President determines that there are compelling foreign policy or national security reasons for those defense articles being provided by commercial lease rather than by government-to-government sale under such Act.

- ***Stingers in the Persian Gulf Region (§530)***

- Except as provided in §581 of the *Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1990*, the United States may not sell or otherwise make available any Stingers to any country bordering the Persian Gulf under the *Arms Export Control Act* or Chapter 2 of Part II of the *Foreign Assistance Act of 1961*.

- ***Landmines (§555)***

- For FY2000, Congress extended an authority first provided in FY1997 to authorize the provision of U.S. “demining equipment available to the Agency for International Development and the Department of State to be used in support of the clearance of landmines and unexploded ordnance for humanitarian purposes, to be disposed of on a grant basis in foreign countries, subject to such terms and conditions as the President may prescribe.” [See also discussion of demining funding in Miscellaneous Appropriations and Related Provisions section below.]

- ***Competitive Pricing For Sales of Defense Articles (§556)***

- Direct costs associated with meeting a foreign customer’s additional or unique requirements will continue to be allowable under contracts under §22(d) of the *Arms Export Control Act*. Loadings applicable to such direct costs shall be permitted at the same rates applicable to procurement of like items purchased by the Department of Defense for its own use.

- ***Assistance for Haiti (§559 and §562)***

- In §559, Congress set forth the policy it wishes to pursue in Haiti.
  - In providing assistance to Haiti, the President should place a priority on the following areas:

- (1) support for the Haitian National Police, especially the efforts to purge corruption and politicized elements from the force.

- (2) steps to ensure that any election held in Haiti are free and democratic;

- (3) support for an indigenous human rights monitoring capacity;

- (4) steps to continue privatization of state-owned enterprises;

- (5) a sustainable agricultural development program; and

- (6) establishment of an economic development fund for Haiti to provide long-term, low-interest loans to United States investors and businesses that have a demonstrated commitment to, and expertise in doing business in Haiti, in particular those businesses present in Haiti prior to the 1994 United Nations embargo.

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- Section 559 also requires reports from the President with regard to:

(1) the status of each of the government institutions envisioned in the 1987 Haitian Constitution, including an assessment of the extent to which officials in such institutions hold their positions on the basis of a regular, constitutional process;

(2) the status of the privatization of the major public entities;

(3) the status of efforts to re-sign and implement the lapsed bilateral Repatriation Agreement and an assessment of the extent to which the Government of Haiti has been cooperating with the United States in halting illegal emigration from Haiti;

(4) the status of the Government of Haiti's efforts to conduct thorough investigations of extrajudicial and political killings, and assessment of the progress that has been made in bringing to justice the responsible persons;

(5) an assessment of actions taken by the Government of Haiti to remove from public security units those individuals who are credibly alleged to have engaged in or conspired to conceal gross violations of internationally recognized human rights;

(6) the status of steps being taken to secure the ratification of the maritime counter-narcotics agreements signed October 1997;

(7) an assessment of the extent to which domestic capacity to conduct free, fair, democratic, and administratively sound elections has been developed in Haiti; and

(8) an assessment of whether Haiti's Minister of Justice has demonstrated a commitment to the professionalism of judicial personnel by consistently placing students graduated by the Judicial School in appropriate judicial positions, in order to make the judicial branch in Haiti independent from the executive branch.

- In a related separate provision (§562), the Government of Haiti shall be eligible to purchase defense articles and services [through FMS] under the AECA, "for the civilian-led Haitian National Police and Coast Guard" subject to the regular reporting notification procedures of the Committees on Appropriations.

- ***Limitation on Assistance to Security Forces (§564)***

- This "Leahy Amendment" provision prohibits U.S. assistance funds from being provided to any unit of the security forces of a foreign country "if the Secretary of State has credible evidence that such unit has committed gross violations of human rights," unless the Secretary determines that the country is bringing the responsible members to justice.

- When such assistance funds are withheld from any such unit under this provision, "The Secretary of State shall promptly inform the foreign government of the basis for such action and shall, to the maximum extent practicable, assist the foreign government in taking effective measures to bring the responsible members of the security forces to justice so funds to the unit may be resumed."



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- The Conference Committee did not intend that “credible evidence” must be admissible in a court of law. The Committee also defined “taking effective measures” as a government carrying out a credible investigation and that the individuals involved face appropriate disciplinary action or impartial prosecution in accordance with local law.

- ***Limitations on Transfer of Military Equipment To East Timor (§565)***

- All agreements for the sale, transfer, or licensing of any lethal equipment or helicopter for Indonesia entered into by the United States pursuant to the authority of this Act or any other Act, shall state that the items will not be used in East Timor.

- ***Excess Defense Articles for Certain European Countries (§569)***

Section 569 amends section 105 of P.L. 104-164 (110 Stat. 1427) to extend to fiscal years 1999 and 2000 the authority for DoD to fund the packing, crating, handling, and transportation of grant excess defense articles to countries participating in the Partnership for Peace and eligible for assistance under the *Support for East European Democracy (SEED) Act of 1989*.

- ***Aid to the Government of the Democratic Republic of Congo (§570)***

- None of the FY2000 funds appropriated or otherwise made available by P.L. 106-113 maybe furnished to the central government of the Democratic Republic of Congo.

- ***Assistance for the Middle East (§571)***

- The legislation imposes a ceiling of \$5,321,150,000 on the total amount of U.S. assistance that can be made available for Israel, Egypt, Jordan, Lebanon, the West Bank and Gaza, the Israel-Lebanon Monitoring Group, the Multinational Force and Observers, the Middle East Regional Democracy Fund, Middle East Regional Cooperation, and Middle East Multilateral Working Groups.

- This overall ceiling applies to assistance provided under all of the following programs: Economic Support Fund, Foreign Military Financing Program, International Military Education and Training, Peacekeeping Operations, for refugees resettling in Israel (under the heading “Migration and Refugee Assistance”), and for anti-terrorism assistance to Israel (under the heading Nonproliferation, Anti-Terrorism, Demining, and Related Programs).

- Further, this provision also prohibits the use of prior year funds in the accounts listed above that were allocated for other regions (such as Africa and Latin America) to fund any of the programs listed above for Middle East countries and activities.

- This ceiling limitation may be waived if the President determines and certifies to the Committees on Appropriations that it is important to the U.S. national security interest to exceed the imposed ceiling.

- ***Cambodia (§573)***

- None of the funds appropriated by this Act may be made available for assistance for the central government of Cambodia.

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- ***Report on All United States Military Training Provided to Foreign Military Personnel (§575)***

- Section 575 requires that the Departments of Defense and State provide to Congress no later than 1 March 2000 a report on all military training provided to foreign military personnel, excluding sales and training to military personnel of NATO, under the auspices of any program administrated by the Departments of Defense and State during fiscal years 1999 and 2000. The report must contain:

- (1) the location of training;
  - (2) the number of foreign military personnel by country, including their units of operation;
  - (3) the cost of the training;
  - (4) the foreign policy justification and purpose of the training; and
  - (5) the operational benefits to U.S. forces derived from such training activity and the U.S. military units involved in each training activity.

- ***Korean Peninsula Energy Development Organization (§576)***

- The Korean Peninsula Energy Development Organization is authorized the use of no more than \$35M of the funds made available under the heading “Nonproliferation, anti-terrorism, demining and related programs.”

- ***Iraq Opposition (§580)***

- Of the funds appropriated under the heading ‘Economic Support Fund’, \$10,000,000 shall be made available to support efforts to bring about political transition in Iraq, of which not less than \$8,000,000 shall be made available only to Iraqi opposition groups designated under the Iraq Liberation Act (Public Law 105-338) for political, economic, humanitarian, and other activities of such groups, and not more than \$2,000,000 may be made available for groups and activities seeking the prosecution of Saddam Hussein and other Iraqi government officials for war crimes.

- ***Additions Relating to the Stockpiling of Defense Articles for Foreign Countries (§584)***

- §514(b)(2), FAA, establishes the annual value of defense articles located abroad that may be set aside, reserved, or otherwise earmarked from U.S. military inventories for use as war reserve stocks for allies (WRSA) or for other countries other than for NATO or Israel. The title to these stocks and their control remains with the U.S. government, and any future transfer of any of these items must be in accordance with the provisions of the security assistance legislation prevailing at the time of such transfer.

- Congress has amended §514(b)(2), FAA, to approve WRSA additions totaling \$60M for FY2000. Of the total, such additions valued at not more than \$40M are authorized to be transferred to stockpiles in the Republic of Korea, and not more than \$20M for stockpiles in Thailand.

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- ***Indonesia (§589)***

- Funds appropriated under the headings “International Military Education and Training” and “Foreign Military Financing Program” may be made available for Indonesia if the President determines and submits a report to the appropriate congressional committees that the Indonesian government and the Indonesian armed forces are:

- (1) taking effective measures to bring to justice members of the armed forces and militia groups against whom there is credible evidence of human rights violations;

- (2) taking effective measures to bring to justice members of the armed forces against whom there is credible evidence of aiding or abetting militia groups;

- (3) allowing displaced persons and refugees to return home to East Timor, including providing safe passage for refugees returning from West Timor;

- (4) not impeding the activities of the International Force in East Timor (INTERFET) or its successor, the United Nations Transitional Authority in East Timor (UNTAET);

- (5) demonstrating a commitment to preventing incursions into East Timor by members of militia groups in West Timor; and

- (6) demonstrating a commitment to accountability by cooperating with investigations and prosecutions of members of the Indonesian armed forces and militia groups responsible for human rights violations in Indonesia and East Timor.

- ***Consultations on Arms Sales To Taiwan (See §593 )***

- Consistent with the intent of Congress expressed in the *Taiwan Relations Act*, The Secretary of State shall consult with the appropriate committees and leadership of Congress to devise a mechanism to provide for congressional input prior to making any determination on the nature or quantity of defense articles and services to be made available to Taiwan.

***1999 Emergency Supplemental Appropriations Act, P.L.106-31, 21 May 1999.***

- Provides additional funding to the Economic Support Fund (ESF), specifically in the amounts of:

- \$50,000,000 in grant aid assistance for Jordan (Title I, Chapter 4),

- \$6,500,000 in grant aid assistance for election monitoring and related activities in East Timor (Title I, Section 403), and

- \$105,000,000 in grant aid assistance for Albania, Macedonia, Bosnia-Herzegovina, Bulgaria, Montenegro, and Romania, and for investigations and related activities in Kosovo and in adjacent entities and countries regarding war crimes (Title II, Chapter 4).

- Title I, Chapter 4 provides an additional \$50,000,000 to the Foreign Military Financing Program (FMFP) specifically as grant aid for Jordan.

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- Provides an extension of special drawdown authorities to include that the amount for:
    - Section 506(a)(2), FAA, drawdowns as of 15 November 1998; of \$75,000,000 in [DoD] articles, services, and training for Hurricane Mitch assistance; not be counted against the authorized annual ceiling of \$150M per fiscal year (Title I, Section 402).
    - Section 552(c)(2), FAA, drawdowns as of 31 March 1999; of \$25,000,000 in government [DoD] commodities and services to support international relief efforts relating to Kosovo; not be counted against the authorized annual ceiling of \$25M per fiscal year (Title II, Section 2014).
  - Title I, Chapter 3, provides an additional \$37,500,000 to Department of Defense for “Overseas Humanitarian, Disaster, and Civic Aid.”
    - Also provides \$46,000,000 to the Department of Defense for expenses incurred by the U.S. military participating New Horizon Exercise programs while undertaking relief, rehabilitation, and restoration operations and training activities in response to disasters [Hurricane Mitch] within the USSOUTHCOM area of responsibility.
  - Title I, Chapter 4, provides an additional \$25,000,000 to the Department of State for “International Disaster Assistance.”
    - Also provides \$621,000,000 to the Department of State for the Central America and the Caribbean Emergency Disaster Recovery Fund for necessary expenses to address the effects of hurricanes [e.g., Mitch] in Central America and the Caribbean and the earthquake in Colombia.
  - Title II, Chapter 2, provides an additional \$50,500,000 to the Department of State for “Security and Maintenance of U.S. Missions.”
  - Title II, Chapter 4, provides an additional \$163,000,000 to the U.S. Agency for International Development (USAID) for “International Disaster Assistance.”
    - Also provides an additional \$120,000,000 to the Department of State for “Assistance for Eastern Europe and the Baltic States.”
    - Also provides an additional \$266,000,000 to the Department of State for “Migration and Refugee Assistance.”
    - Also provides an additional \$165,000,000 to the Department of State for the “U.S. Emergency Refugee and Migration Assistance Fund.”
  - Title II, Chapter 5, provides an additional \$100,000,000 to the Department of Health and Human Services for “Refugee and Entrant Assistance” as necessary to assist in the temporary resettlement of displaced Kosovar Albanians.

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***Admiral James W. Nance and Meg Donovan Foreign Relations Authorization Act, Fiscal Years 2000 and 2001, Division B, §1001(a)(7), of The Consolidated Appropriations Act, FY2000, P.L.106-113, 29 November 1999.***

- Section 101 authorizes:
  - \$254,000,000 for FY2000 and \$315,000,000 for FY2001 to be used for worldwide security upgrades.
  - \$434,066,000 for FY2000 and \$445,000,000 for FY2001 to be used for embassy security, construction, and maintenance.
  - \$9,490,000 for FY2000 and \$9,490,000 for FY2001 to be used for the protection of foreign missions and officials.
- Section 103 authorizes \$750,000,000 for FY2000 and \$750,000,000 for FY2001 to be used for migration and refugee assistance with the following earmarks:
  - \$2,000,000 each fiscal year for Tibetan refugees in India and Nepal,
  - \$60,000,000 each fiscal year for refugees from other countries settling in Israel,
  - \$2,000,000 each fiscal year for displaced Burmese,
  - \$2,000,000 each fiscal year for displaced Sierra Leoneans, and
  - \$1,000,000 each fiscal year in support of a international rape counseling program.
- Section 106 authorizes \$940,000,000 for FY2000 to be used as contributions to international organizations.
- Section 107 authorizes \$500,000,000 for FY2000 to be used as contributions for international peacekeeping activities.
- Section 108 authorizes \$293,000,000 for FY 2000 to be used as voluntary contributions to international organizations.
- Section 252 amends §502B(b), FAA, [the annual human rights report] by adding after the fourth sentence, “Each report under this section shall describe the extent to which each country has extended protection to refugees, including the provision of first asylum and resettlement.”
- **Title VI, Sections 601-609, is the *Secure Embassy Construction and Counterterrorism Act of 1999*.**
  - This is one result of the “Crowe Panel” convened in response to the coordinated 7 August 1998 U.S. Embassy bombings in Nairobi, Kenya and Dar es Salaam, Tanzania, killing 220 people and injuring more than 4,000 others. The panel was chaired by ADM William J. Crowe, USN (Ret.). The report, available at [http://www.state.gov/www/regions/africa/accountability\\_report.html](http://www.state.gov/www/regions/africa/accountability_report.html), listed many problems with security at U.S. diplomatic facilities, with the following in particular:

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- The U.S. government has devoted inadequate resources to security against terrorist attacks.

- The U.S. government places too low a priority on security concerns.

- Section 604 authorizes an additional \$900,000,00 each year through FY2004 for embassy security, construction and maintenance. This funding is only to be used for (1) acquisition of U.S. diplomatic facilities and, if necessary, any residences or other structures located in close proximity to the facilities, and (2) the provision of major security enhancements to U.S. diplomatic facilities.

- Section 605 requires the Secretary of State to provide an annual report beginning not later than 1 February 2000 to Congress for the next four years identifying each diplomatic or consular facility that is a priority for replacement or for any major security enhancement because of its vulnerability to terrorist attack.

- The report shall list such facilities in groups of 20 and ranked in order from most vulnerable to least vulnerable. The funds authorized by above §604 may only be used for those facilities that are listed in the first four groups except when Congress authorizes or appropriates otherwise or the Secretary notifies Congress to do otherwise.

- The Secretary of State shall also submit a semi-annual report to Congress providing the progress and projected plans on acquisition and major security upgrades authorized by this Act.

- Section 606 provides security requirements that will apply with respect to U.S. diplomatic facilities and specified personnel.

- Threat assessment

- Each U.S. mission's emergency action plan shall address the threat of large explosive attacks and be reviewed and updated annually.

- The security environment threat list shall contain a section that addresses potential acts of international terrorism against U.S. diplomatic facilities based on threat identification criteria that emphasize the threat of transnational terrorism and include the local security environment, host government support, and other relevant factors such as cultural realities. Such plan shall be reviewed and updated every six months.

- Site selection

- In general, in selecting a new site for a diplomatic facility, the Secretary of State shall ensure all U.S. government personnel (except those under the command of an area military commander) will be located on the site. Only the Secretary, in coordination with each affected agency head, may waive those provisions to locate others at a separate site. This waiver authority may not be delegated and Congress must be notified at least fifteen days prior to implementation of the waiver.

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- Each newly acquired diplomatic facility must be located not less than 100 feet from the perimeter of the property. Again, only the Secretary can waive this requirement and must notify Congress at least fifteen days prior to implementing the waiver.

- Crisis management training

- Appropriate Department of State headquarters staff shall be trained for mass casualty and mass destruction incidents at overseas facilities for the purpose of bringing a rapid response to the affected overseas site.

- Personnel at overseas U.S. diplomatic facilities shall be provided instruction in crisis management at least annually.

- Diplomatic security training - Not later than six months after enactment, the Secretary shall:

- Develop annual physical fitness standards for all diplomatic security agents, and

- Provide for an independent evaluation by an outside entity of the overall adequacy of current new agent, in-service, and management training programs in preparing agents.

- The Department of State Foreign Emergency Support Team (FEST) shall receive sufficient support, including:

- Routine training exercises,

- Providing personnel to serve on the FEST as a collateral duty,

- Providing personnel to assist in security, medical relief, public affairs, engineering, and building safety, and

- Providing additional support in a post-crisis environment involving mass casualties and physical damage.

- The President shall develop and report to Congress a plan to replace the current FEST aircraft funded by DoD with a dedicated, capable, and reliable aircraft and backup aircraft to be operated and maintained by DoD.

- The Secretary of State shall enter into an MOU with the Secretary of Defense setting out rapid response procedures for mobilization of personnel and equipment of their departments to provide more effective assistance in times of emergency at diplomatic facilities.

- All U.S. diplomatic facilities shall have emergency equipment and records required in case of an emergency to be stored at an off-site facility.

- Section 609 requires a report from the Secretary of State, in consultation with the Secretary of the Treasury and the Attorney General, to Congress on a proposed operational plan and site selection to expeditiously establish an International Law Enforcement Academy (ILEA) in Africa to increase training and cooperation in anti-terrorism and transnational crime fighting.

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- Section 806 amends Sections 116(d) and 502B(b), FAA, *Annual Human Rights Report*, with the following additional reporting requirement:

- “Wherever applicable, such report shall include consolidated information regarding the commission of war crimes, crimes against humanity, and evidence of acts that may constitute genocide (as fined in Article 2 of the *Convention on the Prevention and Punishment of the Crime of Genocide* and modified by the U.S. instrument of ratification to that convention and §2(a) of the *Genocide Convention Implementation Act of 1987*).”

- **Title XII, Subtitles A through C, Sections 1201-1232, is the *Security Assistance Act of 1999*.**

- Section 1211(a) amends §105 of P.L.104-164, 21 July 1996, to allow DoD funding of packing, crating, handling, and transportation of grant excess defense articles (EDA) during Fiscal Years 2000 and 2001 to countries eligible to participate in Partnership for Peace (PfP) and eligible for assistance under the *Support for East European Democracy (SEED) Act of 1989*.

- The *Congressional Presentation (CP) for Foreign Operations, FY2000* lists the following countries as currently eligible for SEED assistance: Albania, Bosnia-Herzegovina, Bulgaria, Croatia, the Former Yugoslav Republic of Macedonia, Romania, and Serbia and Montenegro.

- Section 1211(b) amends §516(b)(2), FAA, by extending the requirement for the traditional 7:10 ratio of grant EDA to Greece and Turkey for the four-year period beginning on 1 October 2000.

- Section 1212 authorizes the use of DoD funds for packing, crating, handling, and transportation of grant EDA transferred in accordance with §516, FAA, during Fiscal Years 2000 and 2001 to the countries of Estonia, Georgia, Hungary, Kazakhstan, Kyrgyzstan, Latvia, Lithuania, Moldova, Poland, Slovakia, Ukraine, and Uzbekistan.

- If the grant EDA transfer is to be notified to Congress in accordance with §516(f), FAA, then the notification shall include an estimate of the DoD funds to be expended under this authority.

- Section 1213 amends §516(g)(1), FAA, by changing the aggregate value of grant EDA transfers allowed during a fiscal year from \$350,000,000 to \$425,000,000.

- Section 1221 amends §617, FAA, by adding the following, “Such expenses for orderly termination of programs under the Arms Export Control Act may include the obligation and expenditure of funds to complete the training or studies outside the countries of origin of the students whose course of study or training program began before assistance was terminated, as long as the origin country’s termination was not a result of activities beyond default of financial responsibilities.”

- This amendment provides authority to allow AECA-authorized students (e.g., FMS, DCS, and FMFP-funded) from countries whose assistance have been terminated, other than from the lack of funding, to complete their current training pipeline then return to their country of



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origin. This authority has been in place for FAA-authorized students (e.g., IMET and drawdowns) since 16 December 1980 by P.L. 96-533.

- Section 1222 amends §21(a)(1), AECA, by authorizing the sale of U.S. Coast Guard articles from stock. Before this change, only the Department of Defense was specifically authorized to sell from stock.

- Section 1223 amends §22(d), AECA, Competitive Pricing, by inserting a new subsection 22(d)(2) to read, “Direct costs associated with meeting additional or unique requirements of the purchaser shall be allowable under contracts described in paragraph (1) [Section 22(d)(1)]. Loadings applicable to such direct costs shall be permitted at the same rates applicable to procurement of like items purchased by the Department of Defense for its own use.”

- The direct costs referred to in §22(d)(1) include pricing to be “on the same costing basis with regard to profit, overhead, independent research and development, bid and proposal, and other costing elements, as is applicable to procurements of like items purchased” by DoD for its own use.

- This codifies the authority provided for several years by the annual Foreign Operations Appropriations Act.

- Section 1224 amends §36(c), AECA, by adding the following new paragraph:

- “(4) the provisions of subsection (b)(5) shall apply to any equipment, article, or service for which a numbered certification has been transmitted to Congress pursuant to paragraph (1) in the same manner and to the same extent as that subsection applies to any equipment, article, or service for which a numbered certification has been transmitted to Congress pursuant to subsection (b)(1). For purposes of such application, any reference in subsection (b)(5) to “a letter of offer” or “an offer” shall be deemed to be a reference to “a contract”.”

- Section 36(b)(5) requires that if the sensitivity of technology or the capability of an article, equipment, or service is enhanced or upgraded from the level of an already notified FMS sale (now to also include a direct commercial sale), then Congress is to be notified at least 45 days before delivery to the country. If the enhancement or upgrade of the FMS sale (now to also include a direct commercial sale) costs \$14M or more in the case of major defense equipment (MDE) or \$50M or more in the case of defense articles or services, then a new numbered notification must be submitted to Congress for the traditional 15 or 30 day review period.

- This new requirement for a licensed direct commercial sale has applied to an FMS sale since 1983 and is referred to as the “*Glenn Amendment*.”

- Section 1225 amends §3, AECA, with a new subsection regarding the U.S. government’s right to verify reports of the unauthorized use U.S.-origin defense articles.

- “(g) Any agreement for the sale or lease of any article on the U.S. Munitions List entered into by the U.S. government after the date of enactment of this subsection shall state that the U.S. government retains the right to verify credible reports that such article has been used for a purpose not authorized under §4 or, if such agreement provides that such article may only be

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used for purposes more limited than those authorized under §4, for a purpose not authorized under such agreement.”

- This does not appear to apply to DCS articles. This already applies to grant and drawdown transfers since the recipient government must agree to a similar verification by agreeing to §505(a), FAA, conditions of eligibility prior to transfer.

- Section 4, AECA, purposes for which military sales or leases are authorized include:
  - Internal security,
  - Legitimate self-defense,
  - Participation in regional or collective arrangements or measures consistent with the Charter of the U.N., and
  - Enabling foreign military forces in less developed countries to construct public works and engage in other activities of economic and social development.

- Section 1231 amends §514(b)(2) authorizes additions to stockpiles of defense articles in foreign countries not to exceed \$60,000,000 during FY2000 with not more than \$40,000,000 and \$20,000,000 being made available to stockpiles in the Republic of Korea and Thailand respectively.

- Section 1232 authorizes the transfer of munitions, equipment, and material to the Republic of Korea and Thailand in return for concessions negotiated by the Secretary of Defense, with the concurrence of the Secretary of State. The items eligible for this transfer must be:

- Obsolete or surplus,
- In the DoD inventory,
- Intended for use as reserve stocks in the applicable country, and
- As of 29 November 1999, located in a stockpile in the applicable country.
- The value of the negotiated concessions shall be at least equal to the fair market value of the items transferred. The concessions may include cash compensation, services, waiver of charges otherwise payable by the U.S., and other items of value. Congress is to be notified not less than 30 days before the transfer with details of the transfer and the concessions received.

- **Title XII, Subtitle D, Sections 1241 - 1248, is the *Defense Offsets Disclosure Act of 1999* [also referred to as the *Feingold Amendment*].**

- Section 1243(a) provides a list of Congressional findings regarding offsets:
  - A fair business environment is necessary to advance international trade, economic stability, and development worldwide, is beneficial for American workers and businesses, and is in the U.S. national interest.

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- In some cases, mandated offset requirements can cause economic distortions in international defense trade and undermine fairness and competitiveness, and may cause particular harm to small and medium-sized businesses.

- The use of offsets may lead to increasing dependence on foreign suppliers for the production of U.S. weapons systems.

- The offset demands required by some purchasing countries, including some close allies of the U.S., equal or exceed the value of the base contract they are intended to offset, mitigating much of the potential economic benefit of the exports.

- Offset demands often unduly distort the prices of defense contracts.

- In some cases, U.S. contractors are required to provide indirect offsets which can negatively impact non-defense industrial sectors.

- Unilateral efforts by the U.S. to prohibit offsets may be impractical in the current era of globalization and would severely hinder the competitiveness of the U.S. defense industry in the global market.

- The development of global standards to manage and restrict demands for offsets would enhance U.S. efforts to mitigate the negative impact of offsets.

- Section 1242(b) provides a declaration of policy regarding offsets.

- It is the policy of the U.S. to monitor the use of offsets in international defense trade, to promote fairness in such trade, and to ensure that foreign participation in the production of U.S. weapons systems does not harm the economy of the U.S.

- Section 1243(3) defines “offset” to mean the entire range of industrial and commercial benefits provided to foreign governments as an inducement or condition to purchase military goods or services, including benefits such as coproduction, licensed production, subcontracting, technology transfer, in-country procurement, marketing and financial assistance, and joint ventures.

- Section 1244 states the sense of Congress that:

- The executive branch should pursue efforts to address trade fairness by establishing reasonable, business-friendly standards for the use of offsets in international business transactions between the U.S. and its trading partners and competitors;

- The Secretaries of Defense, State, and Commerce and the U.S. Trade Representative, or their designees, should raise with other industrialized nations at every suitable venue the need for transparency and reasonable standards to govern the role of offsets in international defense trade;

- The U.S. government should enter into discussions regarding the establishment of multilateral standards for the use of offsets in international defense trade through the appropriate

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multilateral fora, including such organizations as the Transatlantic Economic Partnership, the Wassenaar Arrangement, the G-8, and the World Trade Organization; and

- The U.S. government, in entering into the discussions described above, should take into account the distortions produced by the provision of other benefits and subsidies, such as export financing, by various countries to support defense trade.

- Section 1245 amends the AECA Congressional notification requirements for both FMS and DCS.

- Section 36(b)(1), AECA, is modified to require the notification to include “and a description of any offset agreement with respect to such sale.”

- Section 36(c)(1), AECA, is modified to require the notification to include “and a description of any such offset agreement.”

- A new §36(g) is added to the AECA to state “(g) Information relating to offset agreements provided pursuant to subparagraph (C) of the fifth sentence of subsection (b)(1) and the second sentence of subsection (c)(1) shall be treated as confidential information in accordance with §12(c) of the *Export Administration Act of 1979* (50 U.S.C. App. 2411(c)).”

- Section 1246 amends §39A(a), AECA, to also specifically prohibit incentive payments by a U.S. supplier of defense articles or services with respect to a direct commercial sale for the purpose of satisfying, in whole or in part, any offset agreement with the purchasing country by inserting “or licensed” after “sold” and “or exported” after “sale.”

- Section 39A(d)(2), AECA, defines “incentive payment” to mean “direct monetary compensation made by a U.S. supplier of defense articles or defense services or by any employee, agent, or subcontractor thereof to any other U.S. person to induce or persuade that U.S. person to purchase or acquire goods or services produced, manufactured, grown, or extracted, in whole or in part, in the foreign country which is purchasing those defense articles or services from the U.S. supplier.”

- Section 1247 directs, within 120 days, the establishment of a *National Commission on the Use of Offsets in Defense Trade*.

- The President, with the concurrence of the majority and minority leaders of both Houses, will appoint eleven individuals as members of the Commission.

- From the private sector, one each from:
  - A labor organization,
  - A U.S. defense manufacturing company dependent on foreign sales,
  - A U.S. non-defense manufacturing company dependent on foreign sales, and
  - A U.S. company specializing in international investment, plus

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- Two members from academia with widely recognized expertise in international economics.

- From the executive branch, one each from:

- Office of Management and Budget (to chair the Commission),
- Department of Commerce,
- Department of Defense,
- Department of State, and
- Department of Labor.

- The Commission shall be responsible for reviewing and reporting on:

- The full range of current practices by foreign governments in requiring offsets in purchasing agreements and the extent and nature of offsets offered by U.S. and foreign defense contractors,

- The impact of the use of offsets on defense subcontractors and non-defense industrial sectors affected by indirect offsets, and

- The role of offsets, both direct and indirect, on domestic industry stability, U.S. trade competitiveness and national security.

- Within twelve months of establishment, the Commission shall submit a report to Congress to include the above review and:

- An analysis of:

- The collateral impact of offsets on industry sectors that may be different than those of the contractor providing the offsets, including estimates of contracts and jobs lost as well as an assessment of damage to industrial sectors,

- The role of offsets with respect to competitiveness of the U.S. defense industry in international trade and the potential damage to the ability of U.S. contractors to compete if offsets were prohibited or limited, and

- The impact on U.S. national security, and upon U.S. nonproliferation objectives, of the use of coproduction, subcontracting, and technology transfer with foreign governments or companies that results from fulfilling offset requirements, with particular emphasis on the question of dependency upon foreign nations for the supply of critical components or technology.

- Proposals for unilateral, bilateral, or multilateral measures aimed at reducing any detrimental effects of offsets, and

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- Identification of the appropriate executive branch agencies to be responsible for monitoring the use of offsets in international defense trade.

- Section 1248 directs the President to determine the feasibility of establishing, and the most effective means of negotiating, a multilateral treaty on standards for use of offsets in international defense trade, with a goal of limiting all offset transactions that are considered injurious to the economy of the U.S.

- Not later than ninety days after the Commission submits its report required by §1247 to Congress, the President shall submit to Congress a report containing the President's determination pursuant to the review required by this section, and, if the President determines a multilateral treaty is feasible or desirable, a strategy for U.S. negotiation of such a treaty. Starting one year after submitting this report, and annually thereafter for five years, a report shall be submitted to Congress detailing the progress toward reaching such a treaty.

- The Comptroller General of the U.S. shall monitor and periodically report to Congress on the progress in reaching a multilateral treaty.

- **Title XII, Subtitle E, Sections 1251 - 1256, is the *Proliferation Prevention Enhancement Act of 1999*.**

- Section 1252 amends 13 U.S.C. 301 by adding the following new subsection,

- “(h) The Secretary [of Commerce] is authorized to require by regulation the filing of Shippers' Export Declarations under this chapter through an automated and electronic system for filing of export information established by the Department of the Treasury.”

- This amendment shall take effect 270 days after the Secretary of Commerce, the Secretary of the Treasury, and the Director of the National Institute of Standards and Technology jointly certify to Congress that a secure Automated Export System (AES) available through the Internet that is capable of handling the expected volume of information required to be filed under chapter 9 of title 13, U.S. Code, plus the anticipated volume from voluntary use the AES, has been successfully implemented and tested and is fully functional with respect to reporting all items on the U.S. Munitions List, including their quantities and destinations.

- The Automated Export System is the automated and electronic system for filing export information established under chapter 9 of title 13, U.S. Code, on 19 June 1995 (60 FR 32040).

- The Secretary of Commerce, with the concurrence of the Secretary of State, shall publish regulations in the Federal Register to require that, upon the effective date of those regulations, exporters (or their agents) who are required to file Shippers' Export Declarations under chapter 9 of title 13, U.S. Code, file such Declarations through the AES with respect to exports of items on the U.S. Munitions List or the Commerce Control List.

- Section 1254 requires within 180 days of enactment, a report from the Secretary of Commerce, in consultation with the Secretaries of State, Defense, Treasury, and Energy, and the Director of Central Intelligence, to Congress, including:

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- The advisability and feasibility of mandating electronic filing through the AES for all Shippers' Export Declarations;

- The manner in which data gathered through the AES can most effectively be used, consistent with the need to ensure the confidentiality of business information, by other federal agency automated licensing systems, including:

- Defense Trade Application System of the Department of State,
- Export Control Automated Support System of the Department of Commerce,
- Foreign Disclosure and Technology Information System of the Department of Defense,
- Proliferation Information Network System of the Department of Energy,
- Enforcement Communications System of the Department of the Treasury, and
- Export Control System of the Central Intelligence Agency; and
- A proposed timetable for any expansion of information required to be filed through the AES.

- Section 1255, notwithstanding any other provision of law, allows the Secretary of State to employ up to forty percent of the individuals who are performing services within the Office of Defense Trade Controls (DTC) in the positions classified at GS-14 and GS-15 and other individuals within the Office at a rate of basic pay that may exceed the maximum rate payable for positions classified at GS-15.

- **Title XII, Subtitle F, Sections 1261 - 1262, is the *International Arms Sales Code of Conduct Act of 1999*.**

- The President shall take the necessary steps to begin negotiations within appropriate international fora not later than 120 days after enactment of this Act to establish an international regime to promote global transparency with respect to arms transfers, including participation by countries in the U.N. Register of Conventional Arms, and to limit, restrict, or prohibit arms transfers to countries that do not observe certain fundamental values of human liberty, peace, and international stability.

- Congress provides several criteria in §1262(b) that the President shall consider during the negotiations.

- The annual human rights report required by Sections 116(d) and 502B(b), FAA, from the Secretary of State to Congress shall describe the extent to which the practices of each country evaluated meet these criteria.

- Not later than six months after negotiations begin, and every six months thereafter, the President shall report to Congress on the progress made during these negotiations.

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- Section 1271 amends §1018 of the *National Defense Authorization Act for Fiscal Year 2000*, P.L.106-65, 5 October 1999, concerning the transfer of ships to other countries.

- The value of the ships to be transferred IAW §516, FAA, as grant excess defense articles (EDA) shall not count for the purposes of §516(g), FAA, in the aggregate value of grant EDA (fiscal year limit of \$425M) transferred to countries in any fiscal year.

- Throughout the entire section, “Secretary of Navy” is changed to read “President.”

- Section 1301 amends §36(e), AECA, to cause the numbered certifications of proposed FMS and DCS sales plus proposed commercial technical assistance agreements (TAA) and manufacturing licensing agreements (MLA) notified to Congress to be published in the Federal Register “in a timely manner.”

- Both Sections 36(b)(1) and 36(c)(1), AECA, are amended so that the dollar value and description of items to be transferred within certification to Congress of the proposed FMS and DCS sales “may be classified if the public disclosure thereof would be clearly detrimental to the security of the U.S., in which case the information shall be accompanied by a description of the damage to the national security that could be expected to result from public disclosure of the information.”

- Section 1302 amends §38, AECA, with a new subsection as follows,

- “(i) As prescribed in regulations issued under this section [the International Traffic in Arms Regulation], a United States person to whom a license has been granted to export an item on the United States Munitions List shall, not later than 15 days after the item is exported, submit to the Department of State a report containing all shipment information, including a description of the item and the quantity, value, port of exit, and end-user and country of destination of the item.”

- Likewise, §36(a), AECA, is amended with a new subsection as follows,

- “(13) a report on all exports of significant military equipment for which information has been provided pursuant to §38(i).”

- Section 1303 amends Sections 38(e) [arms exports], 39A(c) [incentive payments], and 40(k) [antiterrorism], AECA, by inserting in each case after “except that” the new words “§11(c)(2)(B) of such Act shall not apply, and instead, as prescribed in regulations issued under this section, the Secretary of State may assess civil penalties for violations of this Act and regulations prescribed thereunder and further may commence a civil action to recover such civil penalties, and except further that”:

- Eliminates the *Export Administration Act of 1979*, §11(c)(2)(B), requirement for a notice and opportunity for an agency hearing on record as required in 5 U.S.C. 554-7 (the *Administrative Procedures Act of 1946*, as amended) prior to the Secretary of State levying any administrative sanction for a AECA violation.

- Section 1304 amends §38(g)(1)(A)(iii), AECA, requiring appropriate mechanisms within the export licensing process to identify those indicted or convicted for a violation of terrorism.



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- Section 1306 amends §655, FAA, which requires an annual report by 1 February to show the aggregate dollar value and defense articles (including EDA and drawdowns), services, and IMET authorized by the U.S. for transfer to each foreign country and international organization during the prior fiscal year. In addition to being categorized by grant, drawdown, FMS, and DCS transfer, the report is now to include if the transfers were furnished with U.S. government financial assistance.

- All unclassified portions of this report shall be made available to the public on the Internet through the Department of State.

- Section 1307 amends the FAA with a new §656, entitled *Annual Foreign Military Training Report*, required by Congress by 31 January of each year.

- Joint unclassified (but may include a classified annex) report by the Secretaries of Defense and State to include training provided during the previous fiscal year with a projection for the current fiscal year.

- Contents of the report are to include:

- For each military training activity:

- Foreign policy justification and purpose, and

- Number of foreign military personnel provided the training, their units of operation, and the training location.

- For each country:

- The aggregate number of students trained, and

- The aggregate cost of the training activity.

- With respect to U.S. personnel:

- The operational benefits to the U.S. forces from each training activity, and

- The U.S. military units involved with each training activity.

- All unclassified portions of the report shall be made available to the public on the Internet through the Department of State.

- This codified report requirement is more substantial than the training report required by §575 of the *Foreign Operations Appropriations Act, 2000*, P.L.106-133, which is to be submitted by 1 March 2000 and excludes the reporting of training provided through FMS and training provided to the military of NATO countries.

- Section 1308 provides a congressional policy declaration for U.S. military assistance to the Republic of the Philippines.

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- The President should transfer UH-1 helicopter, A-4 aircraft, and various types of boats and ships up to the size of frigates on a grant EDA basis in accordance with §516, FAA, to the Philippine Government.
  - The U.S. should not oppose the third country transfer of F-5 aircraft to the Philippine Government.
  - \$5,000,000 of foreign military financing program funding appropriated each year during Fiscal Years 2000 and 2001 to carry out §23, AECA, should be made available on a grant basis to the Philippine Government.
  - Section 1309 directs the Secretary of State to establish a regulatory regime for the licensing export of commercial satellites, satellite technologies, their components, and systems which shall include expedited approval, as appropriate, of the licensing for export by U.S. companies of commercial satellites, satellite technologies, their components, and systems, to NATO allies and major non-NATO allies.
  - The more restrictive conditions of control for the export of satellites and their clearly defined “related items” put into place last year by §1514 of the *Strom Thurmond National Defense Authorization for Fiscal Year 1999*, P.L.105-261, does not apply to the export to NATO allies and major non-NATO allies.
  - Of the funding authorized to be appropriated by §101(1)(A) of this Act for Fiscal Years 2000 and 2001 for “Diplomatic and Consular Programs,” \$9,000,000 is authorized to be appropriated each year for the Office of Defense Trade Controls which manages the export licensing of direct commercial sales.
  - Section 1310 requires not later than 180 days after enactment a report by the Secretary of State to Congress of a study on the performance of the licensing process pursuant to the AECA with recommendations on how to improve this performance. The study showed the following:
    - An analysis of the typology of licenses on which action was completed in 1999, including:
      - Number for non-automatic and automatic small arms, technical data, parts and components, and other weapons,
      - Percentage of each category staffed to other agencies,
      - Average and median time taken for the processing cycle for each category when staffed and not staffed,
      - Average time taken by Presidential or National Security Council review or scrutiny, if significant, and
      - Average time spent at the Department of State after a decision had been taken on a license but before a contractor was notified of the decision.

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- A review of the current computer capabilities of the Department of State relevant to the processing of licenses and its capability to communicate with other agencies and contractors, and what improvements could be made, to include the cost for the improvements.
  - An analysis of the work load and salary structure for export licensing officers in Defense Trade Controls as compared to comparable jobs in the Departments of Defense and Commerce.
  - Any suggestions relating to resources and regulations, and any relevant statutory changes that might expedite the licensing process while furthering the objectives of the AECA.
  - Section 1311 requires the Secretary of State to submit not later than 180 days of enactment a report to Congress concerning proliferation of small arms, including an assessment of whether the global trade in small arms poses any proliferation problems, including:
    - Estimates of the numbers and sources of licit and illicit small arms and light weapons in circulation and their origins,
    - Challenges associated with monitoring small arms, and
    - Political, economic, and security dimensions of this issue, and the threats posed, if any, by these weapons to U.S. interests, including national security.
  - An assessment of whether the export of small arms of the type sold commercially in the U.S. should be considered a foreign policy or proliferation issue.
  - A description and analysis of the adequacy of current Department of State activities to monitor and, to the extent possible, ensure adequate control, both the licit and illicit manufacture, transfer, and proliferation of small arms and light weapons, including efforts to survey and assess this with respect to Africa and to survey and assess the scope and scale of the issue, including stockpile survey and destruction of excess inventory, in NATO and Partnership for Peace countries.
  - A description of the impact of the reorganization of the Department of State made by the *Foreign Affairs Reform and Restructuring Act of 1998*, P.L.105-277, on the transfer of functions relating to monitoring, licensing, analysis, and policy on small arms and light weapons, including:
    - The integration of and the functions relating to small arms and light weapons of the U.S. Arms Control and Disarmament Agency (ADCA) with those of the Department of State,
    - The functions of the Bureau of Arms Control, the Bureau of Nonproliferation, the Bureau of Political-Military Affairs, the Bureau of International Narcotics and Law Enforcement, regional bureaus, and any other relevant bureau or office of the Department of State, including the allocation of personnel and funds, as they pertain to small arms and light weapons,
    - The functions of the regional bureaus of the Department of State in providing information and policy coordination in bilateral and multilateral settings on small arms and light weapons,
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- The functions of the Under Secretary of State for Arms Control and International Security pertaining to small arms and light weapons, and

- The functions of the scientific and policy advisory board on arms control, nonproliferation, and disarmament pertaining to small arms and light weapons.

- An assessment of whether foreign governments are enforcing their own laws concerning small arms and light weapons import and sale, including commitments under the Inter-American Convention against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and other Related Materials or other relevant international agreements.

***National Defense Authorization Act for Fiscal Year 2000, P.L.106-65, 5 October 1999***

- Section 301(23) authorizes the appropriation of \$475,500,000 for the Cooperative Threat Reduction Program; however, P.L. 106-79 only appropriates \$460,500,000 for the program.

- Section 541 amends 10 U.S.C. 2111 authorizing the establishment of a program to facilitate the enrollment and instruction of persons from foreign countries as international students at the senior military colleges.

- The international student who admitted to the college under this program is responsible for the cost of instruction at that college. However, the Secretary of Defense may provide some or all of the costs for the student. \$2,000,000 is authorized during FY2000 for this financial support.

- Section 911 redesignates the Under Secretary of Defense for Acquisition and Technology as the Under Secretary of Defense for Acquisition, Technology, and Logistics.

- Section 912 codifies the authorities and functions of the Technology Security Directorate assigned as an element within the Defense Threat Reduction Agency (DTRA), which is an agency within Office of the Under Secretary of Defense for Acquisition, Technology, and Logistics.

- The head of the Technology Security Directorate shall have the authority to advise the Secretary of Defense and the Deputy Secretary of Defense, through the Under Secretary of Defense for Policy, on policy issues related to the transfer of strategically sensitive technology, including issues relating to the following:

- Strategic trade,
- Defense cooperative programs,
- Science and technology agreements and exchanges,
- Export of munitions items,
- International memorandums of understanding, and
- Foreign acquisition.

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- The Secretary of Defense shall ensure that the head of the Technology Security Directorate has appropriate personnel, resource, and support to carry out his mission.
  - The staff and resources of the Technology Security Directorate may not be used to fulfill any requirement or activity of DTRA that does not directly relate to the technology security and export control mission of the Directorate except with prior approval of the Under Secretary of Defense for Policy.
  - The Secretary of Defense is required to submit a report describing the personnel strength and budget resources within the Technology Security Directorate as of 1 October 1998 and 30 September 1999 and any planned increases for Directorate resources for FY2000 and FY2001.
  - Sections 1017 and 1018 authorize a total of 13 ship transfers during a two-year period beginning 5 October 1999 including the following:
    - CYCLONE (PC-1) class coastal patrol craft or a craft with a similar hull to Thailand on a sale, lease, lease/buy, or grant (Sec. 516, FAA) basis.
    - Medium Auxiliary Floating Dry Dock (AFDM-2) to Dominican Republic on a grant basis.
    - OAK RIDGE class medium auxiliary repair dry dock ALAMOGORDO (ARDM-2) to Ecuador on a grant basis.
    - NEWPORT class tank landing ships BARBOUR COUNTY (LST-1195) and PEORIA (LST-1183) to Egypt on a sales (Sec. 21, AECA) basis.
    - KNOX class frigate CONNOLE (FF-1056) to Greece on a grant basis.
    - NEWPORT class tank landing ship NEWPORT (FF-1052) and KNOX class frigate WHIPPLE (FF-1062) to Mexico on a sales basis.
    - OLIVER HAZARD PERRY class guided missile frigate CLARK (FFG-11) to Poland on a grant basis.
    - NEWPORT class tank landing ship SCHENECTADY (LST-1185) to Taiwan on a sales basis.
    - KNOX class frigate TRUETT (FF-1095) to Thailand on a grant basis.
    - OLIVER HAZARD PERRY class guided missile frigates FLATLEY (FFG-21) and JOHN A. MOORE (FFG-19) on a sales basis.
    - The following stipulations apply to these authorized transfers.
      - The values of the authorized grant transfers are not to be included in the aggregate value limitation set forth in §516(g), FAA.
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- Any expenses of the U.S. in connection with a transfer are to be charged to the recipient government.

- To the maximum extent practicable, the Secretary of the Navy shall require, as a condition of the transfer, that the country have any required repair or refurbishment of the ship, as is needed, before the ship joins the naval forces of the recipient country, completed at a shipyard located in the U.S., including a U.S. Navy shipyard.

- Section 1025 requires the Secretary of Defense to submit an annual report by 1 January every year to Congress detailing the number of U.S. military members deployed or otherwise assigned to duty in Colombia at any time during the preceding year, the length and purpose of the deployment or assignment, and the costs and force protection risks associated with such deployments and assignments.

- Section 1201 provides that the Secretary of Defense may not authorize any military-to-military exchange or contact listed below be conducted by the armed forces with representatives of the People's Republic of China's People's Liberation Army (PLA) if that exchange or contact would create a national security risk due to an inappropriate exposure specified below.

- Force projection operations
- Nuclear operations
- Advance combined-arms and joint combat operations
- Advanced logistical operations
- Chemical and biological defense and other capabilities related to weapons of mass destruction
- Surveillance and reconnaissance operations
- Joint warfighting experiments and other activities related to a transformation in warfare
- Military space operations
- Other advanced capabilities of the armed forces
- Arms sales or military-related technology transfers
- Release of classified or restricted information
- Access to a Department of Defense laboratory.
- None of the above applies to any search and rescue or humanitarian operations or exercises.

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- Annually, the Secretary of Defense shall send the following two reports to Congress regarding the above listed exchange or contact restrictions.

- By 31 December every year, a certification as to whether or not any exchange or contact was conducted in violation of the above listed restrictions.

- By 31 March every year beginning in 2001, an assessment of the current state of exchanges and contacts with the PLA, to include:

- A summary of all such military-to-military contacts conducted in the past year to include topics discussed and questions asked by the Chinese participants.

- A description of the exchanges and contacts scheduled during the next twelve months and a plan for future exchanges and contacts.

- An assessment of the benefits the Chinese expect to gain from these exchanges and contacts.

- An assessment of the benefits DoD expects to gain from these exchanges and contacts.

- An assessment of how exchanges and contacts with the PLA fit into the larger security relationship between the U.S. and the P.R.C.

- Not later than 31 March 2000, the Secretary of Defense is also to provide a rather extensive unclassified (with a classified annex) report to Congress regarding past military-to-military exchanges and contacts between the U.S. and the P.R.C.

- Section 1223 directs each military department to give due consideration to according a high priority to the attendance of military personnel from Poland, Hungary, and the Czech Republic at professional military education schools and training programs in the U.S., including the military academies, various war colleges, staff officer courses, and other schools and training programs that admit foreign military personnel.

- Section 1302 lists the Cooperative Threat Reduction (*Nunn-Lugar*) programs that are authorized to receive funding during FY2000, with the funding to be available for a three year period.

- Strategic offensive arms elimination in Russia - \$177,300,000

- Strategic nuclear arms elimination in Ukraine - \$41,800,000

- Activities to support warhead dismantling in Russia - \$9,300,000

- Security enhancements at chemical weapons storage sites in Russia - \$20,000,000

- Weapons transportation security in Russia - \$15,200,000

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- Planning, design, and construction of a storage facility for Russian fissile material - \$64,500,000

- Weapons storage security in Russia - \$99,000,000

- Development of a cooperative program with the government of Russia to eliminate the production of weapons grade plutonium at Russian reactors - \$32,300,000

- Biological weapons proliferation prevention activities in Russia - \$12,000,000

- Activities designated as Other Assessments/Administrative Support - \$1,800,000

- Defense and military contacts - \$2,300,000.

- Section 1401 provides the sense of Congress that the President should take all actions appropriate to obtain a bilateral agreement with the P.R.C. to adhere to the Missile Technology Control Regime (MTCR) and the MTCR Annex.

- Also, the P.R.C. should not be permitted to join the MTCR as a member without having:

- agreed to the MTCR and the specific provisions of the MTCR Annex,

- demonstrated a sustained and verified record of performance with respect to the nonproliferation of missiles and missile technology, and

- adopted an effective export control system for implementing guidelines under the MTCR and the MTCR Annex.

- Section 1402 requires the President to submit an annual report to Congress by 30 March of each year, ending in the year 2007, regarding transfers during the preceding calendar year to countries and entities of concern of the most significant categories of U.S. technologies and technical information with potential military applications.

- Countries of concern include those which the Secretary of State has determined to repeatedly provide support for acts of terrorism, has detonated a nuclear device, and is not a member of NATO. Entities of concern include those organizations which are engaged in international terrorism or activities in preparation thereof or are directed or controlled by the government of an above designated terrorism-supporting country.

- The annual report must include:

- An assessment by the Director of Central Intelligence (DCI) of efforts by those of concern to acquire technologies and technical information.

- An assessment of the Secretary of Defense, in consultation with the Joint Staff and the DCI, of the cumulative impact of licenses granted by the U.S. for the subject technologies and technical information during the past five calendar years, to include:



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- Military capabilities of the countries and entities of concern, and
  - Countermeasures that may be necessary to overcome the use of the subject technologies and technical information.
- An audit by the Inspectors General of Defense, State, Commerce, and Energy, in consultation with the DCI and the Director of the FBI, of the U.S. government's policies and procedures with respect to the export of subject technologies and technical information to the countries and entities of concern. The first report is to include an assessment of the adequacy of current export controls and counterintelligence measures to protect against the acquisition of the subject technologies and technical information.
- Section 1403 provides that the Secretary of State shall take the necessary steps to ensure that during any fiscal year adequate resources are allocated to the functions of the Office of Defense Trade Controls (DTC) relating to the timely and thorough review and processing of export license applications.
- Likewise, the Secretary of Defense shall similar steps to ensure that the Defense Threat Reduction Agency (DTRA) has adequate resources for the timely and thorough review of export license applications.
- Sections 1404 and 1405 provides additional requirements regarding the licensing and monitoring of any satellite to be launched in a country [those not in NATO or designated as major non-NATO allies] subject to controls delineated in §1514 of *The Strom Thurmond National Defense Authorization Act for FY1999*, P.L.105-261.
- Among the new requirements are the technology transfer control plan set forth the security arrangements both before and during the launch operations. Also, the assigned monitoring personnel receive training in the International Trafficking in Arms Regulations, have significant experience and expertise with satellite launches, and be of sufficient number to maintain 24-hour security.
- Refer to *The DISAM Journal*, Spring Edition, 1999, p.47, for further information regarding §1514, P.L.105-261.

***Department of Defense Appropriations Act, 2000, P.L. 106-79, 25 October 1999***

- Title II, Operation and Maintenance, defense-wide, provides for up to \$25,000,000 to be available for the CINC Initiative Fund Account.
- Title II, Operations and Maintenance, Former Soviet Union Threat Reduction [also known as “Nunn-Lugar”], provides for \$460,000,000 in assistance to the republics of the former Soviet Union for facilitating the elimination and the safe and secure transportation and storage of nuclear, chemical, and other weapons.
- Also to establish programs to prevent the proliferation of weapons, weapons components, and weapons-related technology and expertise.

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- Also for programs relating to the training and support of defense and military personnel for demilitarization and protection of weapons, weapons components, and weapons technology and expertise.

- \$25,000,000 of this amount shall be available only to support the dismantling and disposal of nuclear submarines and submarine reactor components in the Russian Far East.

- Section 8085 provides the Secretary of Defense the authority to waive reimbursement of the cost of conferences, seminars, course of instruction, or similar educational activities of the Asia-Pacific Center for Security Studies for military officers and civilian officials of foreign countries if the Secretary determines the attendance of such personnel, without reimbursement, is in the national security interest of the U.S. The waived cost shall be paid from the Center's appropriated funding.

- Section 8092 states that no funds from this Act may be used to approve or license the sale of the F-22 advanced tactical fighter to any foreign government.

- Section 8098 prohibits DoD funding in support of any training program involving a unit of the security forces of a country if the Secretary of State provides to the Secretary of Defense any credible information that the unit has committed a gross violation of human rights, unless all necessary corrective step have been taken.

- After consultation with the Secretary of State, the Secretary of Defense may waive this prohibition if he determines that such a waiver is required by extraordinary circumstances.

- If such a waiver is granted, the Secretary of Defense shall submit a report to the congressional defense committees in not more than fifteen days describing the circumstances, purpose and duration of training, U.S. and foreign forces involved, and information relating to the human rights violation(s).

- This is similar to the *Leahy Amendment*, §564, *Foreign Operations Appropriations Act*, P.L.106-113, which prohibits foreign assistance funding to any unit of a country's security forces under the same human rights violation circumstances. However, unlike the DoD funding prohibition, the authority to waive the foreign assistance funding prohibition is not provided to the Secretary of State.

- Section 8123 requires the one-time FY2000 reimbursement of \$94,000,000 from the FMS administrative trust fund (the repository of the administrative services charge added to all FMS cases) as follows:

- \$63,000,000 as to the applicable military personnel accounts, and
  - \$31,000,000 as unfunded estimated costs of civilian retirement and other benefits to the General Treasury.

- Of historical note, "Fair Pricing" legislation within *The Department of Defense Appropriations Act, Fiscal Year 1990*, P.L.101-165, eliminated the liability of the administrative trust fund for these two overhead costs, avoiding a probable increase in the standard administrative surcharge from 3 percent to 5 percent in FY1991. However, the strength of the

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administrative trust fund caused the standard admin surcharge to be changed, effective 1 June 1999, from 3 percent to 2.5 percent. See *The DISAM Journal*, Winter Edition, 1989/90, p.12-13, for further discussion of the Fair Pricing legislation, including the seemingly prophetic justification that the elimination of these two overhead expenses would save the trust fund approximately \$94M each year.

- Title IX provides the President the authority to waive any sanction in Sections 101 or 102, AECA, [also referred to as the *Glenn Amendment*], §2(b)(4), *Export Import Bank Act*, or §620E(e), FAA, [also referred to as the *Pressler Amendment*] with respect to India and Pakistan.

- However, the authority to resume FMS, DCS, FMFP, or dual-use technology sales programs requires the President to determine and so certify to Congress that application of the sanction(s) would not be in the national security interests of the U.S.

- Any waiver shall cease to apply with respect to India or Pakistan if that country detonates a nuclear explosive device.

- It is the sense of Congress that the broad applications of export control to nearly 300 Indian and Pakistani entities is inconsistent with the specific national security interests of the U.S. Any sanctions should be targeted only to those entities that make direct and material contributions to weapons of mass destruction and missile programs and only to those items that can contribute to such programs. Therefore, both a classified and unclassified report is to be submitted to Congress identifying those entities whose activities contribute to missile programs or weapons of mass destruction programs.

***Miscellaneous Appropriations for the Fiscal Year ending September 30, 1999, and for other Purposes, Division B, §1001(a)(5), of The Consolidated Appropriations Act, FY2000, P.L.106-113, 29 November 1999***

- Section 301 directed a 0.38 percent rescission of the discretionary budget authority for FY2000. The legislated restrictions include:

- No program, project, or activity may be reduced by more than 15 percent,
- No reduction shall be taken from any military personnel account, and
- The reduction for the Department of Defense and Department of Energy defense activities shall be applied proportionately to all defense accounts.

- This directed 0.38 percent rescission will negatively affect the security assistance programs funded by the earlier described *Foreign Operations Appropriations Act for FY 2000*. However, the extent of reductions was not available at press time for this *Journal* edition.

- Section 501 directs the President to cancel selected authorized debts owed by eligible countries to the U.S. One of the loan programs eligible for cancellation is the foreign military financing program (FMFP) authorized by §23, AECA. However, the cancellations are subject to the availability of funds provided in advance in appropriations acts through FY2004.

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- A country that is performing satisfactorily under an economic reform program shall be eligible for debt cancellation if:

- Is eligible to borrow from the International Development Association,
  - Is not eligible to borrow from the International Bank for Reconstruction and Development, and

- Has outstanding public and publicly guaranteed debt, the net present value of which on 31 December 1996, was at least 150 percent of the average annual value of the exports of the country for the period 1994 through 1996, or

- Has outstanding public and publicly guaranteed debt, the net present value of which, as of the date the President determines that the country is eligible for debt relief under this section, is at least 150 percent of annual value of the exports of the country, or

- Has outstanding public and publicly guaranteed debt, the net present value of which, as of the date the President determines that the country is eligible for debt relief under this section, is at least 250 percent of the annual fiscal revenues of the country, and has minimum ratios of exports to gross domestic product (GDP) of 30 percent, and of fiscal revenues to GDP of 15 percent.

- A country is not eligible for debt cancellations if it:
  - Has an excessive level of military expenditures,
  - Is determined by the Secretary of State as a repeated supporter of international terrorism act,

- Is failing to cooperate on international narcotics control matters, or
  - Engages in a consistent pattern of gross violations of internationally recognized human rights.

- Except as the President may otherwise determine for reasons of national security, a cancellation of debt under this section shall not be considered to be assistance for purposes of any provision of law limiting assistance to a country.

***Departments of Commerce, Justice, and State, the Judiciary, and related Agencies Appropriations Act, FY2000, Division B, §1001(a)(1), of The Consolidated Appropriations Act, FY2000, P.L.106-113, 29 November 1999***

- Title II, inter alia, provides \$54,038,000 for necessary expenses for export administration and national security activities of the Department of Commerce.

- \$1,877,000 shall be for inspections and other activities related to national security.

- No funds may be obligated or expended for processing licenses for the export of satellites of U.S.-origin (including commercial satellites and satellite components) to the People's

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Republic of China (P.R.C.), unless, at least fifteen days in advance, Congress is notified of such proposed action.

- Title IV, inter alia, provides,
  - \$8,100,000 for the protection of foreign missions and officials.
  - \$428,561,000 for the security and maintenance of U.S. missions.
  - \$885,203,000 for expenses necessary to meet annual obligations of membership in international multilateral organizations.
  - \$500,000,000 for necessary expenses to pay assessed and other expenses of international peacekeeping activities.
  - \$244,000,000 for payment of arrearages to meet obligations of authorized membership in international multilateral organizations and to pay assessed expenses of international peacekeeping activities.

## **Conclusion**

With the exception of substantial additions for Israel, Jordan, and Egypt that will implement the Wye River accords, the basic security assistance funding remained at the levels commensurate with the last few years. The amounts appropriated for ESF, FMFP, and IMET showed little variance from FY1999. However, with regard to Congressional oversight of the security assistance programs, amendments to the basic legislation will substantially add reporting requirements to the players in the security assistance business.

For the foreign military training community, the report instituted in FY1999 on all military training provided to foreign personnel has become an annual report rather than just a one-time occurrence. Since different legislative provisions institute different requirements for this report, these will have to be worked out before the actual reports are prepared. In order to gather data on commercial sales, section 38 of the AECA has been amended to require that complete description and shipping information be provided to the Department of State for all exports of material for which an export license has been granted under the provisions of the United States Munitions List. Similarly, the Glenn Amendment to the AECA that requires a report to Congress if equipment previously sold has been upgraded through the addition of sensitive technology or to give an enhanced capability has been extended to include material sold through direct commercial sales. The Feingold Amendment responds to Congressional concerns about offsets in defense exports. Along with an expression of the sense of Congress on this matter, the amendment also requires additional information on offsets to be reported to Congress for both foreign military and direct commercial sales. The legislation also establishes a national commission to study offsets with the requirement to report its findings within a year.

The FY2000 legislation expresses grave concerns of Congress over the issue of technology transfer and the proliferation of weapons technologies that could prove disadvantageous to the United States. Consequently, various provisions of the law focus attention on the process for determining export eligibility, control systems in use to monitor exports, and the roles of the different organizations throughout the executive branch that have a role in the export of defense

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technologies. As in last year's statutes, emphasis is placed on dealings with the People's Republic of China. A variety of reports and certifications are spelled out in this year's legislation.

Finally, of great interest to the security cooperation community, significant increases in funding have been appropriated for humanitarian assistance, refugee care, and peacekeeping operations. Also, Congress demonstrated great concern for the security of American embassies against terrorist attacks and thus appropriated additional funding for embassy security, construction, and maintenance.

### **Acknowledgments**

As in past years, the efforts and valued support of others aided in the preparation of this report. The legislative summaries produced the Defense Security Cooperation Agency, and the review of the manuscript by our DSCA colleagues, Brian Knapp, and Niel Hedlund, were particularly helpful.

### **About the Authors**

Dr. Craig M. Brandt is the Institute's director of research, and is also the editor of *The DISAM Journal*. A retired Navy Supply Corps officer, he has 36 years experience in logistics and security assistance. He is the editor of *Military Assistance and Foreign Policy*. Dr. Brandt was awarded a Ph.D. in political science from the University of Cincinnati in 1985. He was formerly Chair, Department of Logistics Management, Graduate School of Logistics and Acquisition Management, Air Force Institute of Technology.

Kenneth W. Martin has been at DISAM for over eleven years. His duties include legislation and foreign policy functional manager, the Overseas Course manager, and the managing editor for the annually republished DISAM "green textbook", *The Management of Security Assistance*. Mr. Martin retired from the U.S. Navy in 1991 after over 24 years of active duty as a surface warfare officer. He received his undergraduate degree in economics from the Illinois Institute of Technology and his masters in administration from Central Michigan University.

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# The U.S. and Hemisphere: Why We Should Care

By

**Peter F. Romero**  
**Acting Assistant Secretary of State,**  
**Bureau of Western Hemisphere Affairs**

[The following is a reprint of the remarks given by Peter F. Romero to the Miami Conference on the Caribbean and Latin America in Miami, Florida, December 8, 1999.]

It is great to be here in Miami for the C/LAA Conference. All of you collectively as C/LAA and individually have an important voice in the dialogue on hemispheric policy. It's a voice that should be heard not just by those in government but throughout the U.S. business community and the public in general.

Your message is largely the same one I'm going to talk about right now. That message is simple: the Western Hemisphere is vitally important to the United States, vitally important to our security, to our economic well-being, and to the future of our children.

Most Americans, including a lot of people with power and influence, don't understand this. We have to do a better job of stating our case. Fortunately, that's getting to be an increasingly easier case.

That case is that what happens in our hemisphere has high impact on Main Street USA: The mother worried about drugs, the health researcher worried about where the next generation of antibiotics will come from, the worker looking for a better-paying job, the student demonstrating for human rights, the business owner looking for new markets, they all have an interest in a stable, democratic, and prosperous Western Hemisphere.

Let's look at the record. In which part of the world is there a great concentration of democracies, where civil society is beginning to take root, where the people strive for ever higher levels of respect for human rights, where there is a righteous clamor for greater access to justice for all? In which continent are wars among nations almost unknown? Name the area where, through a summit process, 34 countries set the ambitious goal of establishing a regional free-trade area. In which region are America's two largest trade partners? What part of the world sends us the most immigrants, legal and illegal? And the most cocaine? What foreign language are you most likely to hear on the street, on television, or in the home? Where else do they play great baseball and love it just as much as we do?

Every day, what happens in the Western Hemisphere directly affects our lives. And every year that effect will become even more pronounced. Our goal should be to better understand this relationship and help shape it to produce a better future for all of the citizens of the Americas.

Where should we apply our efforts? What should our goals be?

**Building Democracy.** Democracies make peaceful neighbors and reliable trade partners. They are good for our security. In a peaceful hemisphere, we spend less on defense and can invest

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more in the well-being of our societies. Democracies respect human rights, are less tolerant of corruption, and are more likely to build legal systems which set fair ground rules for everybody including foreign investors. Our hemisphere has made enormous progress toward the goal of democratization. If any area in the world can boast of a sweeping trend toward greater respect for democratic practices in the past quarter-century, it is Latin America and the Caribbean. A great deal of work remains to be done. Civil society is still very weak in some countries; there is none where it doesn't need strengthening, including our own. Greater honesty and ethics in government, improved administration of justice, effective and humane law enforcement, and greater respect for free expression are all needed.

**Strengthening Our Economies.** The U.S. has a huge economic stake in the hemisphere, just as our hemispheric neighbors are broadly influenced by the U.S. economy. Our futures are intertwined by almost any index you choose. In terms of trade, for the first three-quarters of 1999, we shipped almost a quarter trillion dollars in goods to the Western Hemisphere, including \$121 billion to Canada and \$102 billion to Latin America and the Caribbean. We sold more to our two NAFTA neighbors than we sold to all of Europe. We sold more to the four MERCOSUR countries than to China and India combined. The total stock of U.S. direct investment in the Western Hemisphere at the end of 1998 was around \$300 billion. Our goal of establishing the free trade area of the Americas is ambitious but doable. Achieving this goal of uniting a market of 800 million people and over \$10 trillion in GDP will create enormous opportunities for the economies of all our countries.

Most of Latin America is firmly on the path of economic reform. The past decade has seen major successes, particularly the taming of inflation and the return of growth. Countries whose economies have become the most competitive are quickly privatizing, state-owned enterprises, reducing trade barriers and modernizing their regulatory mechanisms. Many are well-poised to achieve higher growth in 2000 and beyond after dire predictions of the lingering effects of the financial crisis that began in Asia last year. Not surprisingly, these countries also embrace democratic reform, anti-corruption efforts, and the strengthening of civil society. It is no coincidence that democratic and economic reforms complement each other.

On the flip side, the fruits of economic growth during the 1990s have been unevenly distributed both within the hemisphere and among the populations of each country. Broad sections of the population in Latin America and the Caribbean still suffer from abject poverty. Many enjoy dramatically improved living standards, but countless others have not seen any appreciable benefit. About a third of Latin America's people live on \$2 per day or less and income inequality is worse than in any other region.

Against this background, it is hardly surprising that according to recent opinion polls, most Latin Americans endorse democracy as a system but are less than satisfied with the performance of that system especially in terms of delivering basic services and improving living standards. It does not take a clairvoyant to predict that support for democracy will wane in the face of economic privation. Just as corruption, unresponsive legal systems, and weak civil institutions give democracy a bad name, so they also limit economic potential. The region's outstanding record of democratization since the apex of military rule some 20 years ago cannot be taken for granted. Some countries have not yet reached the critical mass where sound economic stewardship is matched with consensus-based political decision-making, the combination that achieves results and wins the confidence of citizens as well as of national and international investors.



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There are many mechanisms already in place which can aid us in meeting the challenges of the 21st century. One key ingredient is the fact that hemispheric leaders not only recognize these problems but also set forth an ambitious action plan to achieve results—the Summit of the Americas process. The 1998 Santiago Summit put special emphasis on rapidly improving the quality and accessibility of education, especially to the urban poor, to isolated rural communities, and to indigenous populations. Recent history has shown that universal, good-quality education is the single most important element of any long-term strategy in increasing economic growth, ensuring political stability, and reducing poverty. Beyond that, under the Summit of the Americas process, cooperation among hemispheric countries is unprecedented in both scope and depth. We are cooperating in energy, transportation, education, the environment, judicial reform, and in most of the areas that touch the lives of all of the people of the Americas.

Non-governmental organizations in the area play a role which has grown exponentially in the past decades and will continue to expand as civil society in Latin America and the Caribbean takes root. Travel, tourism, academic exchanges, expanded media coverage, satellite television, and the Internet make a huge contribution in bringing the people of our hemisphere together. Civic, professional, and regional organizations reach out to colleagues in other countries on an ever more frequent basis. These “people to people” ties promote mutual understanding and constitute a driving force for further regional integration. Outward-looking publics also exercise considerable influence over the political decision-making in their respective countries, an influence that will only grow stronger in the next century.

Here in the United States, the number of people who have experienced some kind of personal relationship with the hemisphere, be it from travel, tourism, business, academic experience, or even browsing the Internet, is fast on the rise. Our understanding of the region becomes more sophisticated as this trend progresses. The weight of this sector can effectively counter the isolationism that continues to linger in the U.S. despite the revolution in communications, technology, and transportation that have changed with such startling speed the way in which we live and despite unprecedented good economic conditions in the U.S., due in large part to exports. As we head into an election year, we must articulate clearly to the American people the benefits of greater economic integration and international cooperation. It is essential that the U.S. government sustain and lead a deeper and wider engagement in the Western Hemisphere. In so doing, the American people will reap even greater benefits than is now the case. Conversely, relegating the region to a lower priority will only ensure that we bear the costs such as transnational crime, instability, and illegal migration with little of the benefit. I would hope that our presidential candidates heed this message.

For its part, the Clinton Administration will work closely with Congress to develop a special package in support of the anti-drug fight in Colombia and the Andes and to take the final steps to pass Caribbean Basin trade enhancement.

I have been involved in hemispheric affairs during my entire professional career, almost a quarter century. At no time have I felt more confident in the region’s prospects. That is not to say we have solved our problems or that crises no longer loom on the horizon. I visit and revisit them every day. Our relationships with hemispheric countries are complicated and, more than any other region of the world, have a direct domestic dimension. They transcend any single issue or partisan view. Our policies work when derived from a strong bipartisan consensus. We face challenges but also rich opportunities. All of us, working together, can help make the Americas a true New World of peace and prosperity.

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## Near Eastern and South Asian Affairs

By

**Ambassador Michael A. Sheehan**  
**Coordinator for Counterterrorism,**  
**Department of State**

[The following is a reprint of the testimony presented by Ambassador Michael A. Sheehan before the Senate Foreign Relations Committee Subcommittee on Near Eastern and South Asian Affairs, Washington, DC, November 2, 1999.]

We have witnessed in the Middle East and South Asia examples of all the detrimental effects of terrorism. Beyond its immediate results—a tragic loss of life and property damage—terrorism can often take a terrible toll on political and economic stability. It enflames regional conflicts and brings about a vicious circle of retaliatory violence. It can often undermine, or at a minimum stall, important peace processes by complicating the task of reconciliation between hostile parties. It frequently puts pressure on governments to react in a heavy-handed manner. On the economic side, it inhibits tourism and stifles foreign and domestic investment.

In recent years, we have observed a shift in the locus of terrorism directed against us. In past decades, the Middle East has been the center of activity for some of the world's most dangerous anti-U.S. terrorist groups and for some of the most brazen state sponsors of terrorism. No one in the State Department—least of all my office, nor I personally—will forget the 241 U.S. Marines killed at Beirut airport in 1983, the Americans killed in Lebanon in the embassy bombings, the TWA 847 hijacking, and hostage-takings in the mid-1980's, the 270 passengers who perished in the Pan Am 103 bombing in 1988, or the 19 U.S. servicemen who died at Khobar Towers in Dhahran in 1996. I deal with the families of many of these victims, and it is my responsibility to see the perpetrators of these terrorist acts brought to justice. For this reason, I think it is fair to say that my office devotes special attention to the Middle East.



But the center of anti-American terrorism has moved eastward, from Libya, Syria, and Lebanon to South Asia. As direct involvement in terrorism by most Middle Eastern state sponsors and groups has declined, our attention has increasingly focused on Usama bin Ladin and the alliance of groups operating out of Afghanistan with the acquiescence of the country's de facto

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rulers, the Taliban. This Afghan-based terrorist conglomerate brought about the bombings of our embassies in Nairobi and Dar es Salaam in August 1998. I will discuss this in more detail later; I will start with an overview of the Middle East.

### **Signs of Progress in the Middle East.**

It is important to note the progress we have brought about in reducing terrorism in the Middle East. State sponsorship of Middle Eastern terrorism has declined. During the 1970s and 1980s, the governments of Syria, Libya, and Iran played a prominent role in supporting and directing the activities of terrorist groups, as well as carrying out terrorist attacks themselves using state security or intelligence personnel. These state sponsors routinely used terror as an instrument of state policy to attack their opponents, both foreign and domestic, and to put pressure on their neighbors.

Today, following years of more coordinated, generally U.S.-led international pressure and sanctions, governments realize they can no longer blatantly support terrorist groups, plan terrorist attacks, and harbor criminals with impunity. Make no mistake. I do not mean to suggest we no longer have problems with Middle Eastern governments. Iran remains an active state sponsor, and Syria, Libya, and Iraq remain on our list because they provide safe haven and material support to terrorist groups, but their direct sponsorship of terrorist acts has diminished.

Governments are taking more decisive action against terrorists. For example, just last month, the Jordanian government closed Hamas offices and clamped down on Hamas activities in the kingdom. The Palestinian Authority has mounted counterterrorist operations designed to undermine the capabilities of Hamas and the Palestinian Islamic Jihad to use terrorism to disrupt the peace process. Egypt has scored great successes in curbing domestic terrorism. Many other countries are taking steps to prevent terrorists, including those claiming religion to justify their violence, from using their territory for their activities.

### **International Cooperation**

In the Middle East and South Asia, we have established more effective counterterrorist cooperation with more countries than ever before. In addition to our longstanding relationship with Israel, Egypt, and Jordan on counterterrorism, we are now working these issues on a regular basis with Morocco, Tunisia, Saudi Arabia, and a number of Gulf states. I recently traveled to India and laid the groundwork for expanded cooperation with New Delhi in fighting terrorism.

We have dramatically improved bilateral and multilateral intelligence-sharing and law-enforcement cooperation across the board, and in some cases have held joint military exercises focused on counterterrorism. My office hosted a multilateral conference this past summer that brought together senior counterterrorist officials from more than 20 countries, mostly from the Middle East and South Asia. We are having greater success than in the past in persuading governments to arrest terrorist fugitives and render them to the United States for prosecution. A number of governments have cooperated with U.S. authorities in handing over individuals indicted in U.S. courts for involvement in the two 1998 embassy bombings. The latest example was South Africa, which just last month turned over to U.S. custody a suspect in the Dar es Salaam bombing.

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Notwithstanding successes in many areas, our fight against terrorism in the Middle East and South Asia has a long way to go. Some Middle Eastern groups, such as Hamas, Palestinian Islamic Jihad, and Hizballah, continue actively to plan terrorist attacks aimed at derailing the Middle East peace process. Iran, which I will discuss in more detail shortly, remains the one active state sponsor of terrorism.

### **New Challenges in South Asia**

But we are confronting new problems and new challenges in South Asia; Usama bin Ladin's al-Qa'ida network is a prime example. Today's terrorist threat comes primarily from groups and loosely knit networks with fewer ties to governments. Bin Ladin's organization operates on its own, without having to depend on a state sponsor for material support. He possesses financial resources and means of raising funds, often through narcotrafficking, legitimate "front" companies, and local financial support. Today's nonstate terrorists benefit from the globalization of communication, using e-mail and Internet websites to spread their message, recruit new members, raise funds, and connect elements scattered around the world.

Bin Ladin and al-Qa'ida represent an alarming trend in terrorism directed against us. Bin Ladin has created a truly transnational terrorist enterprise, drawing on recruits from areas across Asia, Africa, and Europe, as well as the Middle East. Bin Ladin's alliance draws together extremist groups from different regions, linked only by hatred of the United States and those governments with which we have friendly relations. Perhaps most ominously, bin Ladin has avowed his intention to obtain weapons of mass destruction.

Afghanistan has become a new safe haven for terrorist groups. In addition to bin Ladin and al-Qa'ida, the Taliban play host to members of the Egyptian Islamic Jihad, the Algerian Armed Islamic group, Kashmiri separatists, and a number of militant organizations from Central Asia, including terrorists from Uzbekistan and Tajikistan. We have imposed U.S. sanctions on the Taliban and have worked hard to bring about the international sanctions approved by the U.N. Security Council last month. Yet the Taliban stubbornly persist in giving refuge to Usama bin Ladin and his associates. We have urged Pakistan to use its influence to persuade the Taliban to render bin Ladin to a country where he can be brought to justice, and we will persist in this effort.

Within the territory of Pakistan, there are numerous Kashmiri separatist groups and sectarian groups involved in terrorism which use Pakistan as a base. Pakistan has frequently acknowledged what it calls "moral and diplomatic support" for militants in Kashmir who employ violence and terrorism against Indian interests. We have continuing reports of Pakistani material support for some of these militants. One such group, the Harakat ul-Mujahidin (HUM), was involved in the still unresolved July 1995 kidnapping of four westerners, including one American, in Indian-controlled Kashmir. In February 1998, the HUM's leader co-signed bin Ladin's anti-American *fatwa*. The HUM has openly promised to kill Americans "everywhere in the world." In addition, the HUM cooperates with bin Ladin and receives his assistance in maintaining its training facilities in Afghanistan. The HUM is also tied to the Lashkar-i-Jhangvi, a militant sectarian group believed responsible for the attempted assassination of then-Prime Minister Sharif in January 1999. Other groups, such as the Lashka-i-Talba, the Harakat ul-Jihad-i-Islami, and the Hizbul Mujahideen, operate freely in Pakistan and support terrorist attacks in Kashmir.

The Taliban leadership is not overtly hostile to the United States, but its actions and its tolerance of terrorist groups seriously obstruct our counterterrorist efforts. As far as Pakistan is

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concerned, we have repeatedly asked Islamabad to end support for terrorist training in Afghanistan, to interdict travel of militants to and from camps in Afghanistan, to prevent militant groups from acquiring weapons, and to block financial and logistical support to camps in Afghanistan. We have also urged Islamabad to close certain *madrassas*, or Islamic schools, that actually serve as conduits for terrorism.

## **U.S. Designation of Foreign Terrorist Organizations**

Under the *Antiterrorism and Effective Death Penalty Act of 1996*, we designate 28 groups as “foreign terrorist organizations” (FTO’s), almost half of which are from the Middle East or South Asia. We also continue to label seven countries, including four Middle Eastern governments, as state sponsors of terrorism under U.S. law. We keep a careful eye on these FTO’s and the key state sponsors to determine—through a painstaking review process—if they are continuing their support for terrorism. Both the FTO list and the state sponsors list are meant to be “living” lists, which can change over time as the behavior of groups and governments changes. If a group or country ceases its terrorist activity, we will give serious consideration to removing it from the list. We want to give them an incentive to mend their ways.

There is a misconception, however, about the kinds of terrorist activity that keep a group on the FTO list or government on the state-sponsors list. It is not just a matter of ordering or carrying out a direct terrorist attack. We are equally focused on preparations for terrorism, in which we include activities such as recruiting, training funding, equipping, planning, and providing safe haven to terrorists.

In the case of many of the groups which we have just redesignated as foreign terrorist organizations as well as most of the state sponsors we do not have evidence they carried out direct terrorist attacks over the past two years. But we nonetheless consider them guilty of ongoing terrorist activity because they continued to be involved in the things I mentioned earlier: recruiting, training, funding, equipping, planning, and providing safe haven. We will only consider removing a group from the FTO list, or a government from the state-sponsors list when we are convinced all such activities have stopped.

In the case of the Middle East and South Asia, we have strong evidence of the direct involvement in terrorist attacks over the past two years of groups such as Hamas, Hizballah, the Palestinian Islamic Jihad, the Egyptian Islamic Jihad, Egyptian Islamic group, the PFLP-GC, the Algerian Armed Islamic group, the Pakistan-based Harakat ul-Mujahideen, and the Sri Lankan Tamil Tigers, also known as the LTTE. These groups are a long way from being considered for removal from the FTO list.

Then, there are a number of groups which have not carried out an overt terrorist act in recent years but continue to recruit, train, equip, and plan for terrorism. These groups include the Abu Nidal organization, the PFLP, the PLF (Abu Abbas faction), and the two Jewish extremist groups, Kach and Kahane Chal. Any of these groups could end all activities in preparation for possible terrorist acts and eventually qualify for removal from the FTO list.

We designate foreign terrorist organizations not to develop a “black list” for its own sake, but to curb their funding. We urge other governments to take similar steps. As Congress stated in the *Antiterrorism and Effective Death Penalty Act*, “foreign organizations that engage in terrorist activity are so tainted by their criminal conduct that any contribution to such an organization

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facilitates that conduct.” We encourage other governments to tighten their laws and regulations, and we are developing a training program to help them identify and block terrorist money flows.

## State Sponsors

Now turning to state sponsors, four of the seven state sponsors on our list are Middle Eastern states: Libya Syria, Iran, and Iraq. Although more reluctant today to sponsor terrorist attacks directly, they continue to give safe haven and support to terrorist groups, individuals, and activities.

**First, Iran.** Iran remains a leading state sponsor of terrorism. CIA Director Tenet affirmed before Congress earlier this year that “hardliners continue to view terrorism as a legitimate tool of Iranian policy, and they still control the institutions that can implement it.” As noted in this year’s *Patterns of Global Terrorism*, the State Department’s primary annual publication on terrorism, Iran continues to be involved in a range of terrorist activities. These include providing material support and safe haven to some of the most lethal terrorist groups in the Middle East, notably Hizballah, Hamas, and the PIJ. Iranian assistance has taken the form of financing, equipping, offering training locations, and offering refuge from extradition. In the case of Hizballah and Hamas, Iranian support totals tens of millions of dollars in direct subsidies each year. Tehran also continues to target Iranian dissidents abroad.

In particular, two Iranian government organs, the Revolutionary Guard Corps and the Ministry of Intelligence and Security, have institutionalized the use of terrorism as an instrument of policy over the past two decades. These two government organs have longstanding ties to the terrorist groups I mentioned earlier, among others, and they appear determined to maintain these relationships regardless of statements to the contrary from some of Iran’s political leaders.

We continue to investigate the 1996 bombing at Khobar Towers in Saudi Arabia, in which 19 U.S. servicemen died. We will pursue that investigation wherever it leads, including following up on information suggesting that some Iranian officials might have played a part in planning or facilitating the attack.

Iran’s support for terrorism activity stands in contrast to other countries in the region, including Syria, which is telling these groups to end “military” activity. Although we have repeatedly assured the Iranians that we have no preconditions for beginning dialogue, we have also made it clear that there cannot be a lifting of U.S. sanctions or an improvement in relations until Iran takes meaningful steps to end its support for terrorism and cooperate in the fight against terrorism.

**Syria.** International sanctions in the 1980s, following a 1986 Syrian-directed attempt to bomb an El Al flight, had a dramatic effect on Syrian actions. Syrian officials have not been directly linked to a specific terrorist attack in this decade. Nonetheless, Syria continues to provide support and safe haven to a number of key terrorist groups, many of which have offices in Damascus and training facilities on Syrian soil and in Syrian-controlled areas of the Bekaa valley in Lebanon. These groups include Hamas, the Palestinian Islamic Jihad, and the PFLP-GC.

We recognize that Syria’s role in sponsoring Middle Eastern terrorist groups has substantially diminished by comparison with its involvement in terrorism 20 years ago. We also note the recent Syrian moves to put pressure on various Palestinian groups to move from armed struggle to

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political action. But, until Syria ceases to give safe haven to these groups, it will remain on the state-sponsors list.

**Iraq.** Iraq's capabilities to cause trouble through international terrorism have been seriously eroded, largely through international cooperation. Nonetheless, Saddam Hussein retains a willingness to attack us by terrorist means and the connections to Middle Eastern terrorist groups that could lead to such acts. We are concerned over the fact that Abu Nidal relocated himself and his terrorist organization to Iraq over the past year. Iraq also continues to host and arm the Iranian Peoples' Mujahedin, a terrorist group with American blood on its hands. Thus, we are not looking at removing Iraq from the list any time soon.

Finally, **Libya.** In the mid-1980s Libya hosted and supported some of the most violent and deadly terrorist groups, including the Abu Nidal organization (ANO), which operated terrorist training camps on Libyan soil. A decade of international sanctions and isolation, however, has clearly had an effect on Libyan policy. It appears they have expelled the ANO, and we no longer have evidence that terrorist camps still exist in Libya. On April 5th, following years of U.S.-led pressure, Libya turned over two individuals who will be tried in The Hague for carrying out the Pan Am 103 bombing, 11 years after that December 1988 tragedy. This action, while important from our perspective, does not end our designation of Libya as a state sponsor of terrorism. That can only happen when we have clear evidence that Qadhafi has:

- Fully cooperated with the Pan Am 103 trial;
- Fulfilled all obligations under U.N. Security Council resolutions;
- Renounced the use of terrorism;
- Severed remaining ties to terrorist groups.

A French court convicted Qadhafi's brother-in-law, Libyan intelligence chief Abdallah Senoussi, for his involvement in the UTA 772 bombing. Last month, the French magistrate investigating the UTA 772 case is seeking to indict Qadhafi himself. We will be following this case very carefully over the next few months.

Beyond these officially designated state sponsors, we remain concerned about other countries in the Middle East and South Asia. I spoke earlier about our efforts to persuade Pakistan to use its influence to bring Usama bin Ladin to justice. This is a bone of contention between Pakistan and the United States. I am also disturbed that Lebanon remains a haven for terrorist groups and individuals, some of whom are fugitives from U.S. justice for acts committed against Americans in the 1980's. We continually raise this problem with the Lebanese Government.

Mr. Chairman, I want to reaffirm that the central element of our counterterrorist efforts remains a combination of political will and diplomatic action. We can combat terrorism only if we persuade other governments to work with us, intelligence-sharing, law-enforcement cooperation, and armed force are important, but they must be integrated into our overall political/diplomatic strategy. A long-term, sustained effort, however, requires not just a firm commitment from our leaders, but also resources.

Let me say a word about the resources we need to fight terrorism. It is vital we help friendly governments acquire counterterrorist skills. Part of our cooperative effort includes providing training through the State Department's antiterrorism assistance program. This training in such

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courses as bomb detection, airport security, hostage negotiation, and crisis management is extremely important both as a foreign policy tool in fighting terrorism and also in protecting Americans who travel or work overseas.

Every American ambassador has explicit instructions from the President to protect the lives and the welfare of American citizens overseas. Antiterrorism assistance permits our envoys to do their jobs. It is the currency that a U.S. ambassador can use to “sell” a foreign government on the need for firm counterterrorist action. Without it, our representatives have nothing to offer and no way to enlist foreign governments in protecting our citizens.

Fighting terrorist fundraisers and bomb makers takes money. Yet the foreign operations bill would cut our proposed combined antiterrorism and terrorist interdiction programs by 36%. This is unconscionable, in my opinion. These terrible cuts are short-sighted and make it impossible for us to continue the three year training programs launched for countries in Africa and Eastern Europe after the bombings of our embassies in East Africa last year, and still provide needed training for key countries in the Middle East and elsewhere.

International cooperation, antiterrorism training, action to counter terrorist fundraising, advances in explosive-detection equipment, exercises to deal with crises, and rewards for information are not abstract ideas or “foreign give-aways.” They are good investments in the protection for American citizens and interests.

Mr. Chairman, whenever there is a major terrorist incident, everyone demands that we “do something.” But weeks later when the TV images fade away, it becomes frustratingly difficult in the next year to get the funding for programs that do something.

I know that you and your committee have been supportive of our efforts and we are grateful. But I am not sure that the importance of these programs is understood fully elsewhere in Congress.

The bottom line is that, to fight terrorism effectively, the State Department needs resources to do so. Without them, Americans who live and travel overseas will continue to risk attack from whoever carries a grudge and weapon.



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# Foreign Aid Fables: Don't Shortchange American Security

By

**Madeleine K. Albright**  
**Secretary of State**

and

**William Cohen**  
**Secretary of Defense**

[The following is a reprint of an editorial from the *Washington Times*, November 4, 1999.]

As Secretaries of Defense and State, we work daily to combine the tools of force and diplomacy in order to protect the security and advance the interests of the American people.

In that spirit, we urge Congress to reconsider its shortsighted proposal to cut more than \$2 billion from President Clinton's proposed Fiscal Year 2000 budget for foreign affairs.

Such a cutback reflects a profound misunderstanding about the world and America's place in it that our nation can ill afford. Although the United States is strong and prosperous, grave dangers remain. These include terrorists who target Americans, potentially explosive conflicts in key regions, international crime and drug trafficking, and the spread of nuclear, chemical and biological weapons and the missiles that deliver them.

To counter these and other threats, our armed forces must remain the best-led, best-trained and best-equipped in the world. As President Clinton and our military leaders assure, they will be.

But we also need first class diplomacy. Because on many occasions, we will rely on diplomacy as our first line of defense – to cement alliances, build coalitions, and find ways to protect our interests without putting our fighting men and women at risk.

Unfortunately, in recent years, resources have lagged behind responsibilities. Today, we allocate less than one-tenth of the portion of our GDP that we did a generation ago to support overseas democracy and growth. In this respect, among industrialized nations, we rank dead last. At the same time, we are the largest debtor to the United Nations.

The Congressional cutbacks reflect two basic misunderstandings about the size and purpose of our international programs.

First, although most Americans think it is far more, the truth is that only one penny out of every dollar the federal government spends is used for foreign affairs programs. And these programs are cost-effective, because a conflict prevented, or a disaster avoided, spares large amounts in future costs for modest investments now.

Second, we have demonstrated that what is traditionally called foreign aid is, in truth, aid to America. For example, when we provide resources to dismantle nuclear weapons in the former Soviet Union, or prevent cocaine from reaching American shores, or train foreign police in counter-terrorism, we are aiding America.

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When we undertake diplomatic initiatives designed to curtail North Korea's nuclear weapons and advanced missile programs, we help protect American security, including the 37,000 U.S. troops now serving on the Korean Peninsula.

And when we help nations in troubled parts of the world make a transition from war to peace, or from tyranny to democracy, we advance our interests and make the job of our armed forces easier. The best exit strategy for a place like Kosovo, for example, is to assist the people there in assuming responsibility for their own well-being.

Taken together, our international programs help make our citizens safer, our economy stronger, our world more stable and our freedoms more secure.

The budget debate in Washington revolves around real issues that relate to the role of the federal government in such matters as education and health care. But the protection of national security is one of our government's most basic tasks.

It is a centerpiece of our Constitution and why our country first came together. It is the solemn responsibility of the executive and legislative branches in Washington, each according to its role.

The best leaders of both parties in Congress understand this. They know that American diplomacy belongs on the short list of budget priorities. And that this should be fully reflected in the outcome of negotiations between the Administration and Congress on the final shape of this year's budget and for years to come.

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# U.S. and Africa in the 21st Century

By

**Susan E. Rice**  
**Assistant Secretary for African Affairs**

[The following has been extracted from a speech given before the World Affairs Council, in Seattle, Washington, November 9, 1999.]

Long-term trends in Africa are encouraging, and our mutual interests are growing. Last June, South Africa handed over power from one democratically elected government to another and Nigeria, under the yoke of military rule just over 150 days ago, is implementing a bold transition to civilian rule.

Economies that were registering negative growth rates in the 1980s are now growing at rates of approximately 4%, and some, such as once war-torn Mozambique, recorded double-digit growth rates last year. A new generation of Africans—governmental, non-governmental, and entrepreneurial—is emerging that is committed to market reforms and inclusive political systems. Democratic institutions, however fragile or flawed, now form the basis for government in the majority of African nations. Eleven African countries have publicly committed to fight graft and work toward a binding anti-corruption convention. And many African people are now demanding a full voice in charting their own destinies.

The United States has significant economic and security stakes in this new Africa, an Africa we no longer view as a superpower battleground or through the distorted prism of apartheid.

Our first interest in Africa, as elsewhere, is defending our own national security and protecting Americans in the United States and abroad. Everywhere, the United States faces a new set of enemies, transnational security threats that put at great risk our citizens around the world. As President Clinton has said, “the same forces of technology that offer new economic and social opportunities also create new dangers.” And no place nor no one is immune, including the continent and the people of Africa.

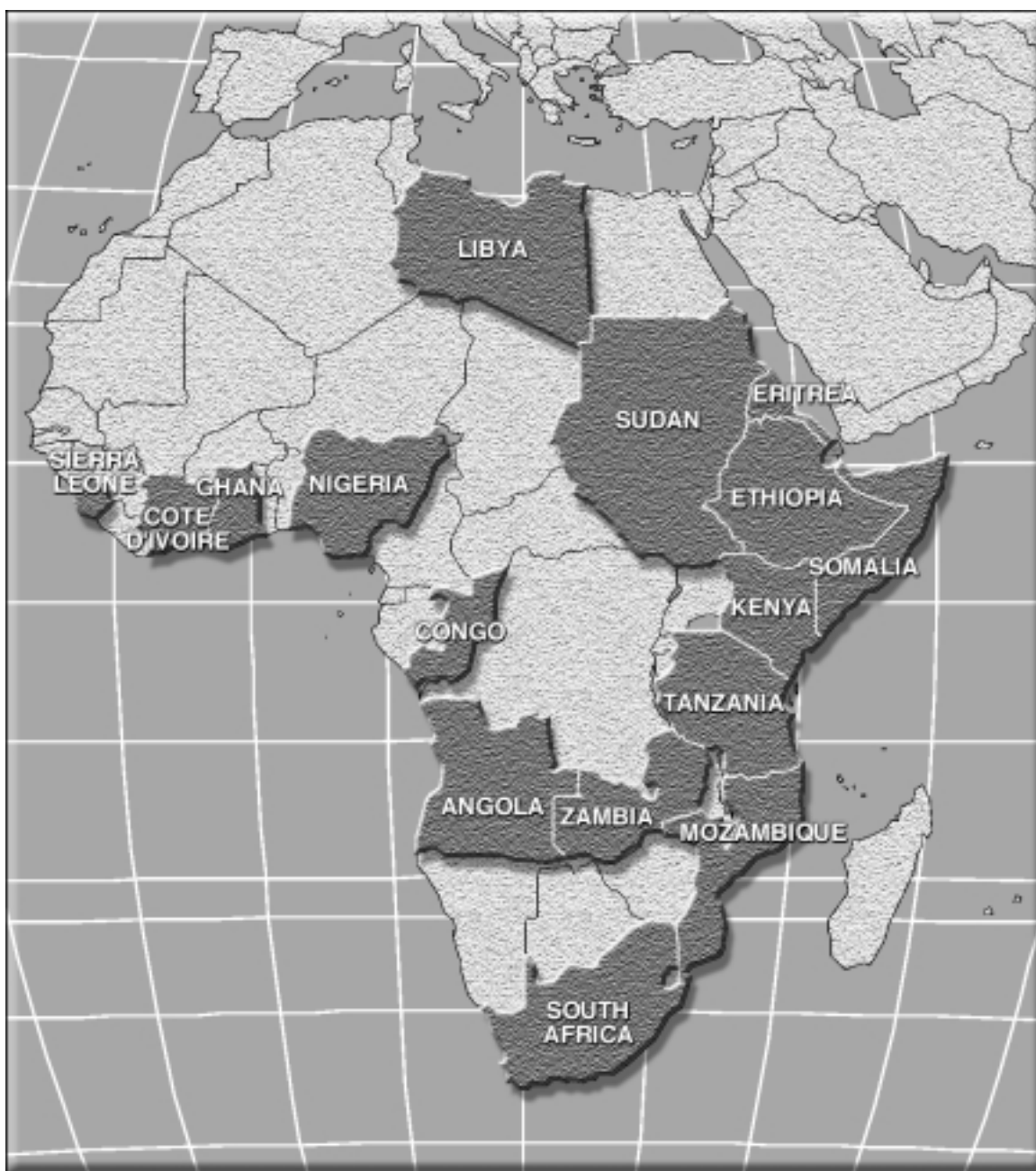
If some Americans were doubtful about our security interests in Africa, if their eyes were focused elsewhere, toward the Persian Gulf, the Korean Peninsula, or the Balkans, they were sadly refocused last year when bombs destroyed our embassies in Kenya and Tanzania. The blasts, which killed over 200 Africans and Americans, made 1998 one of the most deadly years for international terrorism on record.

The number of terrorist incidents worldwide is also up, as the most dangerous elements of the world community become more sinister and elusive, their weapons and methods more powerful and sophisticated. Of the seven countries on the United States’ list of state-sponsors of international terror, two Libya and Sudan are in Africa. Usama bin Laden’s network is extensive throughout the continent, while Somalia has become a safe haven for terrorists and a major transit point for illicit weapons.

Yet, terrorism and extremism are not the only threats we face on the African continent. Nuclear, chemical and biological weapons proliferation, though not as prevalent as in other regions, is a serious concern in Africa. Libya aims to acquire nuclear weapons. It also continues

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to develop deadly chemical and biological weapons and long-range missiles. Sudan continues to seek a chemical weapons capability. And apartheid-era experts on weapons of mass destruction still roam free and are able to sell their knowledge to pariah states worldwide.



Africa is also perhaps the hottest world market for conventional arms merchants unloading Cold War refuse. Most of these weapons are flowing into Africa's war zones, further fueling destabilizing conflicts.

In addition, narcotics transiting through Africa constitute a significant share of the supply hitting American streets. Indeed, African organized crime groups, with hundreds of cells worldwide, are active traffickers in high-purity heroin from Asia to major metropolitan areas in

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the central and eastern United States. Approximately 30% of the heroin intercepted at U.S. ports of entry in recent years was seized from Nigerian-controlled couriers. South Africa is also emerging as a significant transshipment point, as are Ghana and Côte d'Ivoire.

Furthermore, Americans lose over \$2 billion annually to African white-collar crime syndicates, mostly from financial schemes, including insurance, credit card, and advance fee fraud scams. In addition, Nigeria ranks fifth worldwide as a source of counterfeit U.S. currency.

Environmental degradation is also a global threat that affects all of us and our children. Damage done to Africa's delicate ecosystem, including deforestation, contributes to global warming—aggravating food productivity, intensifying droughts, floods, and El Niño effects, and hastening the spread of infectious diseases.

In Africa, as you know, we face some of the world's most deadly and communicable diseases, malaria, the newly arrived West Nile virus, and HIV/AIDS. As people move more easily across borders and oceans, so too do the infections they may carry. Preventing, containing, and controlling the transmission of these deadly diseases is an important security imperative for the U.S. in Africa and elsewhere.

All these transnational threats from arms flows to drug flows are most difficult to combat where national institutions are weakest, where people are poorest, and conflicts most enduring. We need strong, democratic, economically viable partners in Africa. Only such partners can be relied upon to invest in healthcare to stem disease, to foster environmentally sustainable development, to apprehend terrorists and drug traffickers, and to deny extremist elements both material support and a gullible following. In contrast, where democracy fails, poverty prevails, and strife is the norm, we risk seeing whole countries, even regions, grow more vulnerable to our most dangerous adversaries.

Africa cannot be an afterthought. We cannot afford to postpone our efforts to build a strong U.S.-Africa partnership. This partnership is a necessity, and must be a priority, if we are to secure our own future in the 21st century.

We have other important strategic interests in Africa as well. Africa is the source of over 16% of our nation's imported oil, almost as much as from the Middle East. Within the next decade, oil imports from Africa are projected to surpass those from the Persian Gulf region. The U.S. relies on Africa as a source of strategic minerals, including platinum, cobalt, bauxite, and manganese.

Moreover, the Cape controls shipping between the Atlantic and Indian Oceans. The Horn is a potential choke point for traffic between the Suez Canal and the Indian Ocean. Our base access agreement with Kenya is key to our ability to project force, when necessary, in the Persian Gulf. Add these facts to our increasing stake in Africa's emerging market, and Africa's importance to the economic well-being of the U.S. becomes self-evident.

America's reliance on Africa's markets is, in fact, growing by leaps and bounds. Some two years ago, the global financial crisis caused a major downturn in U.S. exports and unease in our export-driven economy. Yet while U.S. exports to the troubled economies of Asia and elsewhere were down by almost a third in 1998, U.S. exports to Africa increased 8%. Last year, we exported 45% more to Sub-Saharan Africa than to all the states of the former Soviet Union combined. This is almost twice as much as we exported to India with its one billion people.

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Major U.S. companies are making large investments in Africa, from Enron's \$2.5 billion contract to build a steel plant in Mozambique to Southwestern Bell Corporation's \$700 million stake in South Africa/Telkom. Boeing provides 66% of Africa's airline fleet. Caterpillar now has dealerships in 15 African countries. Indeed, Washington State's exports to Africa tripled between 1997 and 1998, from 200 to 600 million. Fully 100,000 U.S. jobs, many on the West Coast, are tied to our exports to Africa. Still, the United States' share of the African market is small, only 6%, making it the largest untapped market for the U.S. in the world. Africa's potential for tomorrow's creative entrepreneurs is explosive, especially in the natural resource sector, consumer products, agribusiness, infrastructure, and telecommunications. Just think: there are more telephones in the borough of Manhattan than in all of Africa.

Almost 50% of Africans are under the age of 15. These are young people who can develop fierce brand loyalties for everything from soft drinks to blue jeans. Africa, a market of approximately 700 million potential consumers, truly represents the last frontier for U.S. exporters and investors.

Finally, we have a significant humanitarian stake in Africa and strong cultural and historical ties to the African people. Some 12% of Americans, almost 33 million people, trace their roots to the African continent. Many Americans, not just African-Americans, feel a strong obligation to better the lives of people throughout Africa. They care not only about helping to prevent and resolve conflicts but also about responding effectively alongside the international community to crises and humanitarian disasters. Last year, the United States provided almost \$700 million in assistance to the victims of war, famine, and disease in Africa, from Sierra Leone to Sudan to Angola.

In the wake of the Cold War, President Clinton was among the first to stress that Africa's successes and failures matter directly to the United States and its citizens. Thus, he changed fundamentally the way the U.S. approaches Africa. We have moved beyond a patron-client relationship to a partnership based on mutual interest and mutual respect. We seek to work with our African partners to ensure our collective security and prosperity in the century to come.

Since 1994, we have crafted and are now implementing a visionary economic policy toward Africa to spur reform and growth for the benefit of both the United States and Africa. Under President Clinton's Partnership for Economic Growth and Opportunity, we have taken important steps to encourage greater two-way trade and private sector investment. For instance, through the Overseas Private Investment Corporation, the United States is providing \$750 million in investment financing and insurance to open road, rail, and waterways for international commerce.

Moreover, the enactment of the African Growth and Opportunity Act would directly support African nations making difficult strides to open their markets, invest in their people, and practice good governance. At the new round of World Trade Organization negotiations set to begin here later this month, the Administration will discuss with African and other partners ensuring full and beneficial participation of African countries in shaping and making more relevant to their concerns the world trade agenda. We intend to continue to provide technical assistance to help Africa build the domestic capacity necessary for trade reform to master WTO compliance issues and thus become equal partners in the new trade round. The United States also is committed to relieving hundreds of millions of dollars of Africa's debt, debt that threatens to retard progress in Africa's fastest reforming economies. At the G-8 meeting in Cologne in June, leaders approved a \$90 billion debt relief program. The Administration requested \$370 million from Congress in

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FY2000 but may only be granted a third of that to make our initial contribution to slashing global debt. The prime beneficiaries will be African.

We also are actively working to strengthen democracy and promote respect for human rights in Africa. We provided substantial assistance to support South Africa's first democratic elections in 1994. We helped finance Nigeria's recent elections and, more importantly, will invest for years to come in establishing credible, grass-roots structures and genuinely democratic institutions in this vitally important country.

At the same time, we are implementing a Great Lakes Justice program to bolster civil and military judicial institutions in volatile Central Africa. The President's \$120 million Education for Development and Democracy Initiative also aims to help improve access to technology, support girls' education, and boost civil society across the African continent.

The U.S. also continues to play an active role diplomatically and operationally to help prevent and resolve African conflicts. And today, sadly, there are too many.

For the past 16 months, at least eight countries have been embroiled in Africa's widest war in the Congo. Congo is resource rich, possessing substantial shares of the world supply of hydro-electrical power, uranium, cobalt, gold, diamonds, and copper. It also is an oil producing nation. A stable, democratic Congo could be an engine for growth throughout Africa. A fragmented, economically feeble Congo is an enormous security risk. It and other conflict zones threaten to become fertile ground for pariah states as well as launching pads for international terrorists, arms smugglers, and drug dealers.

United States diplomats from Secretary Albright to our regional ambassadors made critical interventions every step of the way in the long push to achieve the comprehensive peace agreement for the Congo signed last July in Lusaka, Zambia. This peace remains at risk, however, as rivals re-arm, re-group, and resume their hostile rhetoric. The U.S. will continue to insist that all parties to the Congo conflict uphold their obligations under the Lusaka agreement. We will hold responsible any party that abrogates this fragile, but vital, accord.

The U.S. is equally committed to helping solidify a permanent peace in Sierra Leone. There, too, our role has been instrumental. With hands-on efforts by the President's Special Envoy Jesse Jackson, Ambassador Joe Melrose, and many others, the United States brokered the cease-fire and helped negotiate the peace agreement signed last summer. We have provided more than \$110 million in logistical support to the West African peacekeeping force, ECOMOG, first in Liberia and now in Sierra Leone. Today's fragile peace accord is due primarily to the tremendous sacrifices of Nigeria, but also to the collaborative efforts of the U.S., U.K., U.N., and regional states.

In the Horn of Africa, the United States continues to work tirelessly in support of the OAU's ongoing efforts to broker an agreement between Ethiopia and Eritrea. A viable and fair peace proposal is in play, and the U.S. has made plain to both sides that it cannot and will not countenance the resumption of this deadly and increasingly senseless conflict.

Still, Sudan's and Angola's longstanding conflicts continue to blaze. The United States is striving to invigorate the Kenyan-led Sudan peace process through significant process reforms and the appointment of a new special envoy to Sudan, former Congressman Harry Johnston. In

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Angola, we are strengthening our ties to the government and trying to cut off Jonas Savimbi's source of supply.

The U.S. is also working actively now with our African partners to combat transnational security threats, including providing increased training for African law enforcement officials. We are implementing anti-terrorism and counter-crime strategies. Our Safe Skies initiative aims to make African airports and airways more secure.

Finally, because two-thirds of the people affected with HIV/AIDS worldwide live in Africa, we also will fund new approaches to fighting the deadly virus. This summer, Vice President Gore announced a \$100 million initiative to stem the spread of HIV/AIDS globally, doubling our existing prevention and treatment efforts. Most of these resources will help save African lives. But, clearly, much more needs to be done.

In order to confront all these challenges, the U.S. has sought to improve dramatically the content and caliber of our dialogue with our African partners. In addition to our President and Vice President, almost every member of the President's cabinet has traveled to Africa, bringing his or her own specific expertise. Just three weeks ago, Secretary Albright completed another comprehensive visit to Africa, her sixth in seven years in President Clinton's cabinet.

Our agenda is full, but this Administration and many in Congress are committed, and I am personally committed to building a strong, viable partnership with Africa that is pragmatic and that delivers. But at a time when our national security resources are being slashed to the bone, we must work together to fulfill President Clinton's pledge to restore assistance to Africa to its historic high levels.

The U.S. must invest the dollars to help educate Africa's dreamers, to train its entrepreneurs, to ease the path for traders and investors, to fight terrorists, to catch drug traffickers and illicit weapons merchants, to help feed the hungry, house the displaced, and stop the dying.

As history is our torchlight now, it could be tomorrow's tortuous shadow if we wait too long to do the right thing. America must provide the dollars to support the peacekeepers in some of the world's most volatile zones from Congo to Sierra Leone. If Africa succeeds, we all, Africans and Americans, stand to benefit. If Africa fails, we will all pay the price. Last year, when Nelson Mandela accepted our Congressional Medal of Honor, he said: "Though the challenges of the present time for our country, our continent, and the world are greater than those we have already overcome, we face the future with confidence. We do so because despite the difficulties and the tensions that confront us, there is in all of us the capacity to touch one another's hearts across oceans and continents."

That perceived capacity will continue to motivate us as we work with our African partners to promote peace, economic growth, democracy, and respect for human rights throughout Africa. The U.S. must continue to provide support to the African people and those of their governments that take the necessary steps to meet tremendous challenges and triumph over adversity.

We must do so not simply as a moral imperative, but because it is manifestly in our own national interest to help build lasting prosperity and security in Africa.



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## Statement on U.S. Assistance to Colombia

By

**Madeline K. Albright**  
Secretary of State

[The following is a reprint of the statement by Madeline K. Albright on U.S. assistance to Colombia, 11 January 2000.]

I am very pleased to join the Director of the Office of National Drug Control Policy, General Barry McCaffrey, and Special Envoy Buddy MacKay, in announcing a major initiative in support of Colombian President Pastrana's plan for achieving peace, fighting crime, promoting prosperity and improving governance throughout his country.



We have a profound interest in helping Colombia to achieve these closely-linked goals. Four-fifths of the cocaine entering our country either comes from Colombia or is transported through it. Most of Colombia's heroin production is exported to the United States. And drug-related activities fuel crime, corruption and social problems throughout the Americas.

Our initiative has five elements, to be funded through a supplemental appropriations request for the year 2000, and as part of the President's budget for the next fiscal year.

- Our assistance will be used, first, to help train and equip

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Colombian security forces so that more of the country is brought under the control of democracy and the rule of law.

- Second, we will actively support President Pastrana's effort to negotiate peaceful settlements with illegal armed groups.
- Third, we will dramatically increase support for alternative development, strengthening local governments and resettling persons displaced by conflict.
- Fourth, we will enhance our backing for efforts to interdict drugs.
- Finally, and very importantly, we will assist in strengthening mechanisms for protecting human rights and promoting judicial reform.

As a matter of both policy and law, we will ensure that our assistance does not go to military units that have been implicated in abuses. We will help train judicial officials to investigate and prosecute human rights crimes. And we will continue to encourage the Colombian authorities to take appropriate action against violators of human rights whether those violators are military, paramilitary, guerrilla or just plain criminal.

The United States is not alone in helping Colombia. With our strong support, the IMF has approved a new \$2.7 billion program. We are endorsing Bogota's request for nearly \$3 billion in loans from the World Bank and the Inter-American Development Bank. And we are encouraging other bilateral donors to come forward. Recognizing that neither criminals nor conflicts respect national borders, we are also stepping up support for counter-drug and alternative development programs for Colombia's neighbors.

In preparing our initiative, we have consulted frequently with leading Members of Congress, who have shared with us their strong concerns about law enforcement and human rights. We will continue to work closely with them in the months ahead.

Our Colombia initiative reflects President Clinton's strong support for hemispheric cooperation on behalf of democracy and law, and his conviction that President Pastrana deserves our support in his effort to bring the benefits of reconciliation and the rule of law to his people.

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# ***PERSPECTIVES***

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## **Foreign Military Sales Policy Changes, Clarifications, and Initiatives**

**By**

**Christine Hazlitt  
Office of the Undersecretary of the Air Force for Acquisition**

I recommend changing the “S” in FMS to “C” for Customer. There is a simple explanation for the difference between marketing and selling. Selling is getting rid of what you have in your inventory. Marketing is understanding your customer before you build your inventory. Pushing a product, or hard selling, is not marketing. Marketing requires customer focus and provides a product or service that is tailored to the customer’s continually changing needs. The “win win” of marketing is a satisfied customer who trusts the supplier to continue to provide a quality product or service.

Foreign military sales is governed by the Foreign Assistance Act 1961, as amended, and the Arms Export Control Act 1976, as amended, and is implemented by the Security Assistance Management Manual which authorizes sales of defense articles and defense to foreign customers to equip their forces services to further United States security objectives. With approval, the law states that U.S. government can sell what it has in inventory. Selling inventory is how FMS has operated in the past. Today, the majority of foreign customers demand a defense article or service that is customized to fit their unique requirements. The key word is “customer.” How do we meet the needs of FMS customers and stay within the guidelines of public law and policy? According to the concerns expressed by FMS customers, simply delivering a defense article or service does not meet all of the expectations of the foreign customer.

Foreign military customers are asking for increased involvement in the requirements definition and contract definition phases of the acquisition process. FMS customers are becoming increasingly sophisticated, and are less likely to accept the U.S. government’s historical reluctance to involve FMS customers in the acquisition process. This reluctance often translates as patronizing, and sends a mixed and negative message: “you’re not smart enough to get it; I don’t trust you enough to share information with you; you’re an outsider; I don’t like your politics.”

### **OSD Deputy Secretary of Defense Policy Memoranda**

Dr. John J. Hamre, Deputy Secretary of Defense, has been listening to the complaints of foreign military customers who feel disenfranchised with the FMS acquisition process. Foreign customers want greater participation and increased insight and understanding of the U.S. government procurement process. On 26 January 1999, Dr. Hamre issued a white paper entitled

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“Process Transparency.” The introduction emphasizes the requirements of the foreign military customer:

Process transparency in security cooperation is intended to provide foreign customers and U.S. industry greater visibility of what traditionally have been internal U.S. government activities. Our foreign customers and industry believe an increased level of access will promote teamwork, increase customer satisfaction, and assist in the streamlining of the security cooperation system.

On 23 March 1999, Dr. Hamre issued a policy memorandum entitled, “Department of Defense Customer Participation in Foreign Military Sales (FMS) Contract Preparation and Negotiations.” As a result of this memorandum, the OSD Director of Defense Procurement proposed an amendment to the Defense Federal Acquisitions Regulations Supplement (DFARS) 225.7304 intended to increase FMS customer visibility into the contract formation phase of the FMS acquisition. If requested by the FMS customer, the contracting officer should permit the FMS customer to observe price negotiations and should provide the FMS customer with information regarding price reasonableness. The safeguards built into the proposed DFARS rule require the contractor’s written consent and foreign customer agreement not to disclose any proprietary contractor data. Further, the foreign customer must agree not to undermine the authority of the contracting officer by discussing any issue related to the negotiation of price, either during negotiations or separate from negotiations, with the potential offeror. As of this writing, DoD is still considering the public comments and has not published a final rule on FMS customer participation.

The intent of Dr. Hamre’s FMS policy memoranda is to facilitate greater insight and understanding by the foreign customer through “process transparency.” Just “observing” price negotiations may not go far enough to create an environment of teaming and openness, as negotiation is the final stage in pre-contract award activities. The foreign customer can “participate” in evaluating the contractor’s proposed approach and the amount of effort required to perform the work. This participation is intended to answer questions which will lead to increased understanding. It is not intended to constitute the government’s technical evaluation or its objective but rather can supplement the government’s understanding of the nature and extent of the FMS requirement. The actual “cost” of the work may not be an appropriate area for customer evaluation or involvement. The contractor’s stance on protecting or disclosing contractor proprietary data will affect the level of pricing detail that is shared with the FMS customer. The basis of estimate presents a good level for customer review because rates and factors are not applied at this level. A thorough explanation of the role of the Defense Contract Audit Agency and the general rules that contractors comply with when submitting acceptable proposals should be provided to the foreign military customer.

Explaining and enforcing the ground rules for foreign customer participation could turn into an arduous, time consuming task depending on the attitude of the team leaders. Customer participation should be a team challenge met with enthusiasm and the desire to improve the quality of the evaluation team with increased representation by all of the stakeholders. The same challenge existed when “one pass,” “shoulder to shoulder,” or “alpha” contracting were new processes. Team training was conducted and several proposals were evaluated before everyone became comfortable with their new team roles; now everyone shares in the benefit of increased communications. FMS customer involvement is a comfortable fit with the current policy of open communications and teaming with defense contractors.

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## OSD Director of Defense Procurement Policy Memorda

The OSD Director of Defense Procurement issued memoranda dated 13 July 1999 that clarified the requirements for pricing FMS contracts. To accommodate these clarifications, a final rule, amending DFARS, was issued on 13 September 1999.

### a. Offset Cost Allowability

The policy clarified that contracting officers should treat offset costs as allowable costs under the contract. Sales of military equipment, through FMS or direct commercial sales, are accompanied by offset agreements which are negotiated between the foreign government and the defense contractors. The U.S. government is not party to, nor has any liability for, the enforcement of the offset agreement. Offset agreements allow foreign governments to “. . . leverage their imports of major weapon systems so as to yield benefits for their domestic economies . . . Such programs are often an essential part of a weapons procurement and allow the purchasing government to build public support for large expenditures of public funds.”<sup>1</sup> One aspect of offsets that creates confusion is the difference between the actual cost of the offset and the cost of the offset expressed as an offset commitment or obligation. Offsets are typically expressed as a percentage of the weapon system procurement cost. For example, a country might require an offset equal to 100% or even 300% of the cost of the weapon system procurement. Stating that an offset is worth 100% of an \$800M program has created the impression that the offset cost itself is \$800M. Historical averages indicate that offset costs range from 3-8% of the cost of the weapon system. The out-of-pocket costs to the contractor to implement a \$800M or 100% offset arrangement might be \$24M to \$64M and is an allowable element of cost included in the price of the defense equipment being procured.

The offset agreement describes the types of activities that are eligible for offset credit. “Countries can encourage companies to undertake highly desirable offset activities by granting additional offset credit through multipliers.”<sup>2</sup> For example, technology transfers can create large offset credits because the perceived value to the customer is very high, yet the cost to implement is relatively low. All of the offset costs can be recovered under the FMS contract and should be treated as normal contract costs, subject to negotiation of a fair and reasonable price. The offset agreement is not a material requirement or a deliverable under the contract and therefore should not be segregated as a separate contract line identification number.

There is an opinion that the foreign customer may be insulted or surprised that the contractor would enter into an offset agreement and then recoup the actual cost of the offset under the Letter of Offer and Acceptance (LOA) and the contract. The customer, it is believed, expects to receive the economic benefits associated with the offset without incurring any additional cost. On the other hand, it is also evident that FMS customers believe the cost of the offset in the LOA is a good deal in comparison to the benefits received. The customer acquires a defense article or service and the economy of the country is strengthened by the “multiplier” effect of all the other business development activities of the offset arrangement. The LOA should include appropriate language to the effect that all reasonable costs associated with the offset commitment may be included in the LOA.

### b. Foreign Competitions: Can they meet the standard of adequate price competition?

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The policy also recognized that a foreign competition could be determined to meet the standards of adequate price competition, thereby precluding the requirement for additional cost or pricing data. An increased number of FMS customers are conducting their own best value competitions in advance of entering into the LOA with the U.S. Although the source selection process is managed, controlled, and conducted by the foreign purchaser, their competition could be determined to meet the standard of adequate price competition at FAR 15.403-1(c)(i). The standard does not require the contracting officer to evaluate the foreign customer's source selection plan, procedures, or evaluation criteria. The FAR states that a price is based on adequate price competition if two or more responsible offerors, competing independently, submit priced offers that satisfy the government's expressed requirement. The FAR then states that award is made to the offeror whose proposal represents best value where price is a substantial factor. The last condition requires that there is no finding that the price of the otherwise successful offeror is unreasonable.

In most cases, the foreign customer approaches the U.S. government before conducting a competition and makes it known they plan to go FMS after their source selection decision. This is the right opportunity for the government to act as a business advisor and describe the pros and cons of conducting the type of source selection which could be determined to meet the standard of adequate price competition.

As business advisors, the role of the contracting officer is actually expanded in terms of supporting and advising the foreign military customer during pre-LOA discussions and directing and controlling the team, including the foreign military customer, during the pre-contract award phase. United States government business or technical support and advisement must be provided on an existing LOA or on a new LOA written specifically to provide this type of assistance to the foreign customer. What a tremendous challenge and opportunity to create customer confidence by focusing on the "C" instead of the "S," and by tailoring the "process" to the "customer" rather than the "customer" to the "process".

## **Notes**

1. GAO Report, "U.S. Contractors Employ Diverse Activities to Meet Offset Obligations", GAO/NSIAD-99-35 dated December 1998, page 2.
2. Ibid., page 4.

## **About the Author**

Christine L. Hazlett is a business advisor in the Office of the Deputy Assistant Secretary (Contracting), Assistant Secretary of the Air Force (Acquisition). She was a contracting officer on the F-15 Israeli Peace Fox VI Production Program.

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# Security Assistance Training for Emerging Democracies: An Approach

By

Major Paul C. Marks, USA  
U.S. Army Command and General Staff College

*Today, there are some who would have us pull back from the world, forgetting the central lesson of this century: that when America neglects the problems of the world, the world often brings its problems to America's doorstep.*

Secretary of Defense William Cohen, during a speech to the Commonwealth Club of California, July 21, 1997

## Introduction

The purpose of this article is to propose a fresh approach to the way that we provide security assistance training to the armed forces of an emerging, perhaps even troubled Third World democracy. The best way to professionalize a nation armed forces is to empower the SAO (or whoever has overall responsibility for engagement activities) to design and manage a total training program. The approach begins with integrating the SAO's plan into the embassy's mission performance plan. Although there are numerous engagement training opportunities that can and should be exploited, the most successful programs will succeed in obtaining Foreign Military Financing (FMF) credits for the country in question. While the Administration rarely requests and the Congress rarely appropriates FMF credits to countries that have not received them before, the increasing destabilization of countries and regions that are vital to U.S. interests may eventually force the U.S. government to pursue more creative approaches to nation building. Restrictions on the use of IMET funds for mobile training teams (MTT) may ultimately lead us to ask the Congress for a smaller IMET budget so that funds can instead be provided in the form of FMF credits to purchase in-country training. Changes to the Security Assistance Management Manual may be required. Other funding sources such as traditional CINC activities funds and service funds can and also should be pooled and provided to the SAO to "buy" training for the host nation.

## Program Suspension

Serving in a security assistance capacity overseas is full of challenges, pleasures, and sometimes pains. Perhaps one of the greatest of those pains, and also the greatest challenge is having the program that you have devoted all your time and effort to suspended due to a political upheaval in the host nation. The suspension is particularly difficult to accept when the host nation is a developing country struggling with both poverty and democracy. Despite your best efforts to appreciate why the State Department or the Defense Department or the Congress imposed the suspension, inside you truly believe that engagement should take precedence over sanctions. You have read the National Security Strategy, the National Military Strategy, the Department of State Strategic Plan for International Affairs, the United States Security Strategy for the region, the CINC's Theater Engagement Plan, and the Embassy's Mission Performance Plan. In fact you may have even provided input to the latter two documents. Your host nation may just be getting

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back on its feet after years or even decades of war, perhaps even a genocide, and you see in those lofty documents all the imperatives that seem to say the opposite of suspension: shape the environment, promote democracy, support the development of security pluralism, expand regional cooperation, increase attention to transnational threats. They call it global engagement, peacetime engagement, comprehensive engagement, theater engagement, defense cooperation, and economic cooperation. A goal may be to “broaden cooperation with the nations of [the region] on security and confidence building.”<sup>1</sup> But despite all the strategies and goals and despite your concern that there are other countries, and not necessarily democratic ones, that will take advantage of the situation to increase their influence in the nation that you are cutting off, you, the SAO, have to figure out what went wrong and then explain it to your hosts.

### **Program Assessment**

I recently completed three years in the Office of the CINCPAC Representative, Cambodia. The billet augments the defense attaché office. I had the unique experience of being responsible for coordinating almost all Department of Defense engagement activities in Cambodia, including security assistance.<sup>2</sup> In July 1997 Cambodia’s capital city, Phnom Penh, exploded in factional political warfare. Different units of the Royal Cambodian Armed Forces loyal to different political parties fought 48 hours of pitched battles. Tanks and even mortars were used in the middle of a densely populated city of one million people. Soldiers and noncombatants died. The winner was one of the two co-prime ministers in the coalition government. The other was out of the country, and he stayed out. The United States immediately suspended all assistance to and cooperation with the government of Cambodia, including security assistance.

Before the dust had even settled and our dependents returned from the ordered departure, the soul-searching began. How could this have happened? How could all of our efforts to professionalize the host nation’s armed forces have been rewarded with blood literally on the steps of the embassy? In the three years since the United States had re-established diplomatic relations with Cambodia after an 18 year hiatus, we had hosted the co-ministers of defense in Hawaii and Washington, conducted numerous civil-military relations mobile education teams (MET), civil affairs MTTs, and law of war METs. We had full-time civil affairs personnel augmentation and reservists with specialty skills like financial pay system automation and construction engineers serving on six-month tours. The centerpiece of our engagement was a \$600,000 IMET program that was built entirely around professional military education and courses that contributed to nation building such as the Marine Corps’ engineer equipment maintenance course and the Coast Guard international military officer’s course. The Army’s 1st Special Forces Group taught Cambodians to remove mines and unexploded ordnance. United States Army Pacific units built schools and roads, and worked side by side with Cambodian Army doctors. Thirteenth Air Force personnel taught the Cambodian Air Force flight safety. Every month Cambodian officers participated in the fantastic array of Title 10-funded conferences that CINCPAC and her components host every year. Yet none of that stopped the bloodshed.

Where did we go wrong? The short answer is that we did not. Different parts of the Cambodian military did what their political masters ordered them to do. It was the ugly side of civilian control of the military. Three years of American assistance was no substitute for decades of allegiance to this or that political party. But if I had carte blanche to design a program again from scratch, I would want things to be different. The starting point would be the overall engagement plan.



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## Whose Plan Is It?

If you are a SAO in an emerging democracy, then your overall defense cooperation program no doubt looks like a patchwork quilt. In fact you would be hard pressed to find one comprehensive document where it is all written down. In preparing to turn over my responsibilities to my successor I compiled 26 different programmatic messages which taken together constituted the authorizing documents for everything that we did. The country annex to the regional CINC's theater engagement plan is intended to address that deficiency. The better annexes will either incorporate full descriptions and details of all activities or at least refer to other documents such as the security assistance five-year training plan. Within the multitude of activities, however, there will always be debate over whether it is really a coherent plan or just a comprehensive listing of everything taking place. There will also be debate about command and control. If the senior officer in-country responsible for planning and coordinating engagement activities is the defense attaché, then is not the CINC functioning as a supporting headquarters to the Defense Intelligence Agency? If special operations forces have a role in your engagement plan, which in a developing country they almost always do, then you will experience lively debate over who is supporting whom. Taken in total, however, these are relatively minor issues provided that there is sufficient communication and coordination between all the responsible players. Where there is room for improvement is for all parties to recognize that:

- The overall plan has to be designed in-country and integrated into the embassy's mission performance plan first.

The in-country plan can be staffed through the CINC and other headquarters and it can serve as input to the CINC's theater engagement plan, but ultimately it is the ambassador, the country team, and the SAO who can best match the training requirements of the host nation's armed forces with the foreign policy goals of the United States. Having the ambassador and the country team buy into the plan has numerous benefits. They will support you. They will be more willing to engage the civilian side of the host nation government to influence decisions in your favor. And they will be more willing to integrate your efforts with other U.S. government agencies who share the same goals. There is nothing more gratifying than seeing U.S. soldiers, host nation forces, and a USAID-funded non-governmental organization (NGO) working side-by-side toward a common goal. Synergy is good.

However, integrating your plan into the embassy's mission performance plan might not be as straightforward as it sounds. The State Department's strategic plan for international affairs, the equivalent of the Joint Chiefs' national military strategy, identifies seven national interests and sixteen strategic goals within those national interests.<sup>3</sup> Each goal has strategies for its accomplishment. Country teams take that plan and develop their mission performance plans accordingly. The first national interest identified in the State Department plan is national security. One of two strategic goals that support this national interest is to "ensure that local and regional instabilities do not threaten the security and well-being of the United States or its allies." One of six strategies for achieving that goal is to "use defense cooperation, including alliances, military assistance, military-to-military cooperation, defense trade controls, and arms sales, to develop stable bilateral and multilateral security relations and to help prevent, manage, and defuse regional tensions." While the embassy's plan for meeting that goal may be the perfect place for your plan to make it into the mission performance plan, not all embassies will address that strategic goal. Embassy country teams are free to choose which national interests apply to their country. In the case of my last country team, they determined that the United States had no

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national security interests in the host nation. There was no local or regional instability that threatened the national security and well-being of the United States,<sup>4</sup> hence national security was not part of the embassy mission performance plan!

What was a significant part of the embassy performance plan, and probably will be in any emerging democracy, is the national interest of “democracy” and the accompanying strategic goal to “increase foreign government adherence to democratic practices and respect for human rights.” None of the strategies identified in the State Department Strategic Plan for International Affairs specifically address professionalizing the host nation military as a strategy for promoting democracy, but that’s exactly the place where the SAO needs to make his voice heard, because that is exactly why you should be providing training to the host nation’s military.

### **Measuring Democracy**

Embassy mission performance plans take State Department goals, translate them into embassy goals, and then establish performance indicators for the next year. Most are quantifiable and include prior year numbers and out-year projections. What might indicators for measuring whether or not the host nation’s armed forces are progressing toward professionalization and support for democracy and civil society look like? Below are a few possibilities. As you read these, picture in your mind where the United States stands, and then analyze whether it is an annual increase or decrease that would indicate movement toward a more democratic, civil society:

- The number of active duty military officers serving as elected officials.
- The number of officers represented on the central or steering committees of political parties.
- The number of officers that credible human rights NGOs identify as culpable for violations of human rights.
- The number of investigations of military personnel by military or civilian prosecutors based on information provided by NGOs or international agencies such as the U.N. Center for Human Rights.
- The number of times that the military courts turn over jurisdiction to civilian courts to try military personnel accused of civil crimes.
- The number of court convictions of military officials for human rights violations.
- The number of times general officers appear on television or are heard in radio interviews stressing the political neutrality of the armed forces.
- The number of officers relieved, punished, or transferred for refusing to follow an order that was politically motivated.
- The number of laws enacted that restrict participation in politics by military personnel.

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- The number of military or civil court cases where military personnel are convicted for corruption.
  - The number of officers trained in the law of war, human rights, and civil-military relations by U.S. DoD mobile education teams.
  - The number of officers that attended E-IMET courses in the USA.
  - The number of officers that attended professional military education courses in the USA.
  - The number of general officers that attended E-IMET courses in the USA.
  - The number of hours of instruction in the law of war that the host nation provides in its training institutions.
  - The number of officers that participate in International Red Cross or U.N. Center for Human Rights or NGO law of war and human rights seminars and training.

Quantifying these indicators is relatively self-explanatory. In some cases less is clearly better, such as the number of officers serving on the central committee of a political party. This phenomenon tends to manifest itself most in former communist states where the Communist Party now has a different name but remains a political force in host nation politics. Since many military officers were party members when the party was in power, they will often cling to their membership under the emerging democracy. You should discourage this and reward those officers who practice neutrality. The criterion of turning military personnel over to civil courts for prosecution might strike the American officer as odd since we prefer to try our own personnel, but in developing countries with immature democracies the military court system is often less advanced than the civilian court system. Turning a suspect over to the civilian courts indicates a deference to civilian rule that should be encouraged. The opposite may of course be true if the military court system is up to the task or if you have focused your program on training them for this purpose.<sup>5</sup>

### **FMF Credits and In-country FMS Training Cases FMF**

The armed forces of Third World emerging democracies often share common problems which inhibit the transition to a fully functioning democracy: they are larger than they need to be and hence a drain on limited national resources, they are poorly trained and disciplined, they have poor human rights records, they manage resources poorly, they are often involved with crime or other non-military activities, and they lack loyalty to their constitution as opposed to their immediate chain of command. United States DoD military schools are often too sophisticated to teach practical solutions to some of these issues. In fact our system is so advanced that an IMET student can become overwhelmed and discouraged when he has to return to what we would characterize as a broken system. Some IMET graduates see the situation as so hopeless that they choose not to return. The economical answer is in-country training. In-country training requires funds.

One of the purposes of an embassy mission performance plan is to provide input to the next year's Congressional Presentation Document. It is here that the ambassador can make his desires for foreign military financing credits known.

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- The purpose is not to gain billions or even millions for expensive purchases, but rather modest amounts that will allow the SAO to open FMS training cases to shape the in-country portion of his training program.

In the face of zero budget growth requirements, you may even ask that your IMET budget be reduced if the amount will be provided as FMF credits instead.

Your plan should have two pillars: (1) off-the shelf mobile education teams that specialize in management and rule-of-law instruction; and (2) mobile training teams or semi-permanent augmentation that provide specific training in areas that you identify.

In the first pillar there are numerous excellent and well-known alternatives. The mobile education teams fielded by the Defense Institute of International Legal Studies (DIILS) are superb for putting U.S. military lawyers on the ground to address host nation military and civilian leaders at all echelons of their military and government. An American brigadier general (U.S. Army Reserve JAG) and two other officers flying in a Mi-17 helicopter to a military district that is so remote that no one in the embassy has ever even been there to provide two days of seminars on the law of war to fifty host nation officers sends a powerful message. When one of the co-teachers is the Deputy Head of the National Election Commission and the interpreter is a locally-hired Buddhist nun, you definitely get your students' attention. Other useful METs include civil-military relations and the up and coming medical system restructuring program.

In the second pillar are mobile training teams and semi-permanent advisors. MTTs can be as varied as the requirements of the armed forces of your host nation. To the greatest extent possible the training presence should be as long as possible, even if budget constraints necessitate reducing the number of trainers to buy more time in-country. In some countries it can take months or even years to build up the rapport and local knowledge necessary to make a meaningful impact. As complicated as the arrangements may be, a one or even a multi-year permanent change of station billet is worth the price. In-country training of technical and tactical skills makes more sense because you can train more individuals at one time, and you can use the facilities and equipment that the host nation forces have to use long after the MTT has departed. The French Marine Corps is an excellent allied service example of the value of long-term training and advisory efforts. In countries where the French operate, they will establish a military assistance mission whose personnel work and live side-by-side with their host nation counterparts, most often in instructional capacities or as high-level advisors (e.g. a lieutenant colonel advising the deputy chief of staff of logistics of the host nation's army staff). Tours are two or more years and families accompany where feasible. The French generally remained committed even in the face of the political vicissitudes of a problematic government. They understand that it can take years to train a new generation of officers.<sup>6</sup>

A second point to consider is the utility of U.S. Army Special Forces to lead conventional forces on security assistance-funded MTTs.<sup>7</sup> Special Forces are regionally oriented and they train to operate in the cultural and political environments that you typically find in lesser developed countries. They can, therefore, provide the leadership for a specialized MTT such as engineers or technicians that for security or other reasons you may not feel comfortable deploying independently. United States Army Special Forces doctrine used to recognize this role for Special Forces: it was called the security assistance force, or SAF. The term is rarely heard now, but if and when you can get Special Forces to lead training teams, it is a very good idea.

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## **IMET Equals PME**

Since the overall approach to training advocated here plans on using FMF for technical and limited tactical training, that leaves IMET funds available for their best use:

- The best use of IMET in support of the armed forces of an emerging democracy is participation in professional military education courses.

PME courses are always in short supply, but they are more valuable than technical courses. PME courses impart management skills and a systematic approach to problem solving that foreign officers can apply to their armed forces. Some SAOs shy away from the courses that are made up entirely of international officers, but the advantage to these courses is that there may be more opportunities and the providing institution may even have the flexibility to add courses as necessary. The other international officers are also more likely to share some of the same organizational challenges back home as the IMET student from the emerging democracy country. It would be ideal if the service staff colleges and senior service colleges created parallel international officer courses similar to the concept behind the unfortunately beleaguered School of the Americas (pre-reorganization). One need only examine the success and popularity of the non-IMET security studies courses held at the Asia-Pacific Center and the Marshall Center to see that there is a need and a benefit to this type of instruction.

An emerging democracy does not usually need more infantry or armor officers who could return to turn their guns on their own people or on their government. They do need finance, medical, engineering, military police, quartermaster, transportation, and personnel management skills. Thus,

- The SAO should focus on the combat support and combat service support arms when selecting officer basic and advanced courses.

The one area where one might deviate from this rule is if specific combat arms training is needed for an individual who will play an important role in enhancing the host nation's capability to deal with transnational threats such as drug trafficking, piracy, and environmental protection. Naval or coast guard training might thus be appropriate in countries where the Navy has the roles and missions that our Coast Guard has, or if they also patrol inland waterways.

## **The Pieces of the Puzzle**

One of the most interesting and challenging aspects of running a military engagement program is coordinating the various non-security assistance programs so that they all contribute to your goals. These activities may include combined exercises, training events, humanitarian/civic assistance projects, and humanitarian assistance projects. If you have a strong plan, especially if it is documented in both the embassy performance plan and the country annex to the CINC's theater engagement plan, then you are headed in the right direction.

- Based on the plan you can work toward your goals by focusing your efforts on a limited number of appropriate training partners.

For the office responsible for coordinating the host nation training partners for engagement activities there is a temptation to spread the wealth among various units and regions. If the

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duration and scope of these activities is limited, then such an approach can water down the actual contribution you are making to the professionalization of the host nation military. A more limited number of partners is often better. You have to be careful of mirror-imaging, though. If you focus all your effort on elite units because in our system those units represent the best of the best, then you may be contributing to a situation where those units decide to take the law into their own hands. For this reason you may be better off concentrating on non-combat arms units or on training objectives that address how a host nation's armed forces can integrate support units into an overall effort. This can require some creativity. Suppose that your plan is to increase the capacity of the host nation engineer corps. You could:

- Plan all your humanitarian and civic assistance projects to involve a combined effort with this unit.

- Request (or direct) the Regional Special Operations Command to do their Joint and Combined Exchange Training Events (JCET) with this unit (staff officer skills and leadership training for instance).

- Send the unit's officers to Title 10 funded multilateral conferences.

- Have the unit host the crew of a U.S. Navy ship during a ship visit.

- Arrange medical training for the unit's medics or have unit soldiers participate in other functional training.

- Arrange for a personnel exchange with a U.S. military unit.

No matter what the event or activity, odds are you can probably figure out how to involve the engineer corps in some shape or form. Just the contact alone with American servicemen will enhance their professionalism. To complement these engagement activities you should send talented leaders from this unit to IMET-funded courses in the United States.

### **Training Officer Empowerment**

Ultimately, however, many of the engagement activities that take place in your country will be out of your hands. Either they will have been coordinated well before your watch, or the funding that drives them will have specific restrictions that drive you in a certain direction. Special Operations JCETs, for instance, require the participating U.S. forces to receive fifty percent of the training value of a training event. If you cannot shape the events that outside agencies bring to the table to meet your plan, then you need to consider whether you really need that event. One way to compromise with the providing command is to ask them to tell you how much of their O&M budget they are willing to spend on operations and exercises in your country, and then ask for a menu of choices of what units and time periods they are willing to provide forces. This puts you in the driver's seat. It is surprising how little of this actually happens.

Another variation on this is to gain control over humanitarian assistance funds. Currently a SAO or whoever runs the engagement program submits project proposals annually to the CINC staff who prioritize, eliminate, and then forward a consolidated list to DSCA and OSD for approval and line item funding. The requirement to justify individual projects when only a fraction or even none of them will be approved makes planning a program impossible. It can lead

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to embarrassment when the project involves the employment of a combined military force, and after floating numerous proposals through the host nation you have to tell them later that none was approved. This centralized process is the opposite of how the United States Agency for International Development administers humanitarian assistance. USAID headquarters provides a budget to in-country offices, and the office selects the specific activities that they will fund. Similarly, the CINC staff should provide the SAO with an annual budget for planning purposes based on the needs and priority of the country, and the SAO, equipped with the appropriate rules and regulations for ODHACA funds, should develop his projects accordingly. The basis for the budget would be project proposals, but in concept form only.

Finally, there are traditional CINC activities funds and Reserve/National Guard programs for individual augmentation and specific projects. As with humanitarian assistance projects, ideally the SAO will ask for a budget that is tied to a menu of choices that can be tailored to the training needs of the host nation.

## **Conclusion**

This article has presented a range of personal views on the planning and execution of a total training program for the armed forces of an emerging democracy. In many places I have written under the assumption that it is a SAO that is arranging the comprehensive training program. From my standpoint it does not matter who it is. In some locations it may be the defense attaché who is the focal point. At many CINC headquarters and in the Pentagon there is a growing recognition that the CINCs should have O&M-funded billets deployed forward coordinating engagement activities. Whatever the case in your country, the purpose of this article has been to propose an approach to funding and program management that may prove useful in moving the host nation's armed forces toward a more appropriate role in a functioning democracy. There are no doubt many SAOs, DAOs, or CINC representatives that are already successfully employing many of the tools of the trade described here. There are not very many countries, however, that receive FMF credits. A program coordinator can and should work other engagement activities to the benefit of the United States and the host nation, but only FMS training cases permit the total flexibility to "buy" the training the country team determines the host nation needs. But most emerging democracies are also developing countries, and they cannot afford cash. FMF credits is an answer. If indeed the host nation is a problem democracy and prone to coups and human rights violations, and if the United States is committed to staying the course and assisting this country on its path toward full democracy, then this approach can provide a starting point.

## **About the Author**

Major Paul Marks is a student at the United States Army Command and General Staff College. He is a China foreign area officer and holds a B.S. from the United States Military Academy and a M.A. in Chinese politics from the University of London (U.K.). He has served in military intelligence and foreign area officer assignments in the United Kingdom, South Korea, Hong Kong, Cambodia, and the United States.

## **Notes**

1. E.g. "Broaden cooperation with the nations of Southeast Asia on security and confidence building," in Department of Defense, United States Security Strategy for the East-Asia Pacific Region, 1998.

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2. The notable exception was POW/MIA activities conducted by CINCPAC's Joint Task Force Full Accounting.
  3. The national interests are (1) national security, (2) economic prosperity, (3) American citizens and U.S. borders, (4) law enforcement, (5) democracy, (6) humanitarian assistance, and (7) global issues. US Department of State, Strategic Plan for International Affairs, [http://www.state.gov/www/global/general\\_foreign\\_policy/stsp828.html](http://www.state.gov/www/global/general_foreign_policy/stsp828.html), accessed 24 November 1999.
  4. Nor were there any weapons of mass destruction requiring destruction which is the second of the two goals under the national security national interest.
  5. For an excellent critique of current U.S. government approaches to democratization assistance, see Elizabeth Cohn, "In Focus: U.S. Democratization Assistance," *Foreign Policy In Focus, Internet Gateway to Foreign Policy*, Volume 4, Number 20, July 1999 (<http://www.foreignpolicy-infocus.org/briefs/vol4/v4n20demo.html>, accessed 24 November 1999). Cohn, a professor at Goucher College, focuses on U.S. government funding of democracy-building NGOs. She argues that the NGOs are far from neutral and often end up siding with one or the other political party in the target country. This is certainly my experience in Cambodia. The lesson for U.S. DoD training assistance is to choose your training partners and the individuals who will receive training wisely.
  6. Obviously this has advantages when the recipient of the assistance is an emerging democracy, but where the host nation is inherently bad, then such a commitment is wrong. French training assistance to Rwanda has been investigated and discredited as one example where they should have ceased assistance earlier than they did.
  7. Depending on the type of engagement activities in your country and who the participants are, you may even have the opportunity to request that Special Forces lead conventional forces in the conduct of a non-SOF event. In July 1996 in Cambodia, for instance, a U.S. Army Special Forces major and his company headquarters led a 100-man humanitarian assistance Joint Task Force of navy and air force engineers that improved a hospital and dug wells in rural Cambodia.



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# ***EDUCATION AND TRAINING***

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## **DISAM Supports Security Assistance Organization's Automation Needs**

**By**

**W. David Carey,  
Defense Institute of Security Assistance Management (DISAM)**

In the early 1990s DISAM chose to take on the role of supporting the SAOs' automation needs. Our first task centered around the idea of automating the security assistance training management process. What grew out of that effort was the current Training Management System (TMS). Of course, a central network was needed to store the data required to operate the TMS system locally. Thus came the design, development and implementation of the Security Assistance Network, commonly called the SAN. Realizing that other processes could be and should be automated, the Security Assistance Automated Resource Management System (SAARMS) was developed which includes separate modules for budget execution, property management and budget preparation. With all of these automation tools it quickly became apparent that the SAOs needed faster and better equipment to access the SAN and to run the application programs that came with it. The next step for DISAM was to become the central procuring agent for security assistance personnel around the world. This led to negotiating a contract with a computer manufacturer to build, ship and maintain computers provided to our users. DISAM continues to support the application programs developed for the SAOs, manage the SAN, and purchase computers but stands ready to develop additional automation tools needed by the community. Finally DISAM is working with the Chief Information Officer (CIO) at DSCA and the Institute for Defense Analyses (IDA) to resolve the issue whereby SAOs are no longer able to access restricted (Internet domain .mil) web sites.

### **Application Programs**

The DISAM programmers have been working feverishly over the last few months to convert all of the application programs to the latest and greatest version of the Access software. The project started early in 1999, first starting the conversion to Microsoft Access 97 but as would be expected from a team that strives for perfection, halfway through the process a decision was made to exert the extra effort needed to convert to Access 2000. By the way, it was not my decision but the decision of the programmers who strive to provide the best product for our users. You probably think that this would be easy but in reality it was not. Yes, there are conversion programs but the uniqueness of our programs made this a challenging task. Our goal was to present a product to the SAOs that incorporated their ideas to improve the package and win the war against the fear of Y2K. I am happy to say that the deadline was met, and the CDs are in distribution. To further insure that the user receives the most up-to-date software, the DISAM automation plan requires redistribution every six months. So be on the lookout for newest edition from the desks of the DISAM programming team.

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## **Security Assistance Network (SAN)**

Back in 1990 we knew there was a need to automate many of the functions performed in security assistance offices but did not realize how important the SAN project would eventually become. There are now over 1100 users from 120 countries, including the United States, using the system. There are many actions going on behind the scenes that are transparent to our customers. Simply because of the design, IDA is able to make improvements overnight that all the users can enjoy without having to make software updates on their computers. As an example, one day you sign on to find out that the system is running faster. Unbeknownst to the user a new server was put in place. Likewise new options or Internet links are added for the benefit of all. We do our best to inform the community about these changes by using the banner page on the SAN. So, next time you sign on, don't click your way past the banner page. Take time to read and keep up with what is going on with the system that was built for you.

In addition, we will continue to support the annual unified command training program management reviews where update briefings will be given and automation training provided. Oh! By the way, how many of you remember the old DOS version of the SAN? You thought it was the best and just could not be replaced. I don't think you would feel that way now with the Internet version and its ease of use. We, as always, welcome your suggestions to improve the system. Keep those letters, messages, and e-mails coming.

## **Buying Computers: How Does That Work?**

Early in the fiscal year DISAM sends a request to each unified command requesting identification and prioritization of SAO computer needs by country. Since the funds made available by DSCA are limited, it is this process that assures equitable treatment for all. When the unified commands respond with the actual needs, a minimum of three quotes are obtained from computer manufacturers capable of, and willing to, provide shipment and support services as well as a sufficient level of warranty support in an international forum. As would be expected, DISAM prepares a detailed cost analysis each year to insure that our users get the best overall quality at the best price. In the past, one vendor has been the principal supplier of quality equipment at a competitive cost to our SAOs. However, each year's analysis stands on its own merits. If another vendor can possibly provide a better product at a competitive cost, the selection decision will be made accordingly. Following are a few of the features in the latest configuration:

- Pentium III MiniTower Base
- 500 MHz
- 128 MB RAM
- 20.4 GB hard drive
- Quote includes shipping and three year on-site maintenance

Once the vendor is selected and a price determined for each machine that includes hardware, software, and maintenance, a grand total is calculated. At this point the grand total is compared to the funds available, and orders are placed based on the unified commands' priority lists. Shipment to the users can be direct or the items can be shipped to the unified command for further distribution. It is extremely important that the shipping addresses be accurate. In some cases, the State Department pouch must be used. In either instance, the computer manufacturer is given the shipping address provided in the response from the unified command to DISAM. Our orders with

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the vendor require them to notify us when the shipment is made so that we, in turn, can alert the country or unified command that the shipment is on its way. Our users can certainly be of help in this process by sending a message, e-mail, or by making a telephone call to DISAM when the equipment is received. Our service to our customer does not end at this point. Should you have any problems with the hardware or software DISAM is available to help. The automation team is identified by name and telephone number on the DISAM Web Site, <http://disam.osd.mil>, under the heading of technical support.

### **Other Automation Tools**

Many SAO or unified command personnel have demonstrated superior automation skills which have led them to develop their own application programs. This may be an Excel spread sheet or an Access program that helps with the daily tasks faced by the SAO. A good example of a program that fits this scenario is the SAARMS execution module. The software program was initially developed by the U.S. Central Command through a contract. Later this module was given to DISAM and modified to meet the needs of all SAOs in all unified commands. If there are other programs existing within the SAO or unified command, DISAM is prepared to evaluate their potential and to work with the initial developer to make the tool available to other members of the security assistance community.

### **What is Wrong With My .Mil Access?**

A series of memos starting in April 1999 issued by the Deputy Secretary of Defense, Dr. John J. Hamre, highlighted the fact that OSD's security practices were inadequate. In his first memo, Dr. Hamre noted that he would not task the services and defense agencies to tackle their network security problems without first leading the way in OSD. Following are a few of the network security actions taken on the OSDNIPRNET and SIPRNET:

1. All network e-mail and web access systems incorporated appropriate warning banners.
2. The CIO established a vulnerability analysis and assessment team.
3. All passwords meet DoD password guidance and are force-changed every 90 days, as a minimum.
4. The CIO has reviewed, and revised as necessary, OSD policies and procedures regarding the use and control of floppy disks and other portable magnetic and electronic media.
5. All remote access to OSD networks operate across encrypted virtual private network channels.

Certainly the tasking of the services and defense agencies followed shortly after the initial memo. A great deal of time and effort has been expended to protect government data systems, email, web sites, etc. With these safeguards came drawbacks for some of our users. Personnel using local Internet service providers such as AOL, ATT, or other services around the world found that they could no longer gain access to certain .mil sites. Having identified the problem, what can be done to help the SAOs get to those sites that provide data needed for their daily work? The CIO at DSCA, DISAM, and IDA have developed a plan of action and a solution that will be put

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in place in the next couple of months to resolve this issue. The SAOs and unified commands will be notified by message and instructions will be posted to the Security Assistance Network.

### **Conclusion**

Automation has played a significant role in the support of the SAOs over the past ten years. DISAM and its team of professionals will continue look to the future and develop even better methods to help the community accomplish their daily tasks. We pledge our support, so send us a letter, a message, an e-mail or give us a call when you need our help.

### **About The Author**

Mr. W. David Carey has been affiliated with DISAM since October 1980 as an instructor, assistance professor, functional manager, course manager, associate professor and the Director of International Studies. He has a B.B.A. degree from Eastern Kentucky University and an M.A. in logistics management from Central Michigan University.

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## DISAM Sends Mobile Education Team to Colombia

Michael L. Layton, DISAM's Director of American Studies, along with Commander Patrick K. Hawkins, SC, USN, and Craig M. Brandt comprised the members of the mobile education team to Bogotá, Colombia, to teach a five-day Planning and Resource Management Course (SAM-P) from 8-12 November 1999. The class was attended by 34 students from the Ministry of Defense, Army, Navy, Air Force and National Police. Also included in the class were members of the U.S. Embassy staff and Colombian personnel assigned to the U.S. Military Group. A contractor of the Embassy provided simultaneous translation of the classes. The purpose of the course was to place U.S. security cooperation programs within the context of overall Colombian defense planning to develop an awareness of mutual resource planning.



Professor Mike Layton, DISAM's Director of Western Hemisphere Studies, presents a memento of appreciation to Marcela Forero of the Military Group Colombia for her efforts in organizing the planning and resource management course.

definition of offsets. Once a baseline was established Professors Hawkins and Layton with the assistance of Lt Col Parilla outlined the U.S. policy on offsets and the general outline of how offsets work. The audience was attentive, asked numerous questions and was appreciative of the information that was provided

While in Colombia, the team was able to provide additional consultation on the security assistance process. The Government of Colombia requested to meet with someone within the U.S. government who was familiar with offsets and how they were applied to FMS sales. A meeting was arranged with representatives of the National Department of Planning, Mr. Andrés Soto Velasco, Head of the Justice and Security Unit, and Ms. Yaneth Giha Tovar from the Military Forces and Police Division of the Justice and Security Unit. Professors Hawkins and Layton, accompanied by the Military Group training officer, Lt Col Ezequiel Parilla, USAF, visited the Ministry of Finance on 10 November. On arrival at the Ministry of Finance the team was greeted by some twenty individuals from various Colombian government organizations ranging from the Ministry of Finance, National Police, Air Force Chief of Logistics, and the Division of Planning and Policy. The meeting was opened by requesting from the Colombian representatives their

In conjunction with an effort of the Department of Defense's Center for Hemispheric Defense Studies at National Defense University, Craig Brandt accompanied Lt Col Parilla to a meeting with Colonel Augusto Pradilla, Rector of the Military University "Nueva Granada," and his faculty. General Medina of the Ministry of Defense has proposed a master's level course in

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resource administration for defense, and the Military University is investigating the feasibility of such an effort. Dr. Brandt was able to provide information on American military graduate programs that are involved in resource management. These are the first steps on the road to implementing this educational program, and the Military University is searching for agreements with an American institution that will be carried out under security cooperation programs.



Colonel Kevin Higgins, the Military Group Commander, presided over the graduation ceremony.

Professor Brandt also accompanied Lt Col Parilla to a meeting hosted by the Air Force's Military Institute of Aeronautics and attended by representatives of the Army, National Police and the Air Force. The purpose was to discuss proposed courses on research management included in this year's IMET program. The Colombian forces are seeking to improve the awareness of their officers of techniques involved in managing the Ministry of Defense's limited resources.

The graduation ceremony commenced with the singing of national anthems of both Colombia and the United States. Colonel Kevin M. Higgins, USA, the Military Group commander, presided over the graduation ceremony in which the students were awarded diplomas and the DISAM graduate's badge. The students universally agreed that the course was a success and that that their knowledge of how American programs fit together with their own military programs would benefit them in managing these enterprises.

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## *Security Assistance Community*

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### **Major Neil Kringel, USAF, Awarded the Airman's Medal For Multiple Acts of Courage and Heroism**

By

**Colonel Ronald Roughead, USA  
Chief, Kenya United States Liaison Office**

On December 13, 1999, at the USCENTCOM 1999 Security Assistance Conference, General A. C. Zinni, USMC, Commander, U.S. Central Command, awarded Major Neil Kringel the Airman's Medal for multiple acts of courage and heroism, without regard for his own life, following the terrorist attack on the United States Embassy, Nairobi, Kenya on August 7, 1998. Following what has been cataloged as the most devastating attack against an American diplomatic mission in United States history when over 250 people were killed (including 12 Americans) and over 5000 people were wounded, Major Kringel displayed uncommon presence of mind under extremely stressful circumstances, extreme courage, and is credited with saving numerous lives, while placing his own at risk.



General A. C. Zinni, USMC, Commander, U.S. Central Command, presents the Airman's Medal to Major Neil F. Kringel, USAF, for his heroism in the aftermath of the terrorist bombing of the American Embassy in Nairobi, Kenya.

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On August 7, 1998 the United States Embassy in Nairobi, Kenya was viciously attacked, without warning, by two explosions, the second of which is estimated to have been equal to 2500 pounds of TNT. The explosions were later attributed to a terrorist cell affiliated with international terrorist suspect, Osama Bin Laden. The crater created by the blast measured twenty feet deep and forty feet in diameter and was felt for miles. It devastated the embassy, caused an adjacent six-story building to collapse totally and another adjacent twenty-two-story building to permanently tilt by nearly a foot. The embassy's location, at one of the busiest intersections in a city of over two and one half million people, the proximity of surrounding structures, and size of the bomb, caused massive collateral damage and over 5000 casualties compounding the dangerous, chaotic situation and hindering rescue efforts.

Major Kringel, assigned as the training officer in the U.S.-Kenya Liaison Office (KUSLO), was attending the core country team meeting in the ambassador's office on the fourth floor. The second and larger of two explosions showered the meeting participants with shards of glass. Metal from the ceiling tile frames became razor-like shrapnel. Pieces of concrete, as heavy as two hundred pounds, were blown around corridors and rooms. Heavy smoke and dust filled the ambassador's office. Despite the chaos and carnage, Major Kringel kept his composure and began to methodically make his way toward the stairwell reassuring and leading those he encountered on the way to a safe exit from the crumbling, unstable, burning embassy. Crawling along the floor to get under the intense dust and smoke, Major Kringel came upon the open elevator shafts with the back wall blown away by the blast. The shaft was now open to the ground floor and offered no hope of escape from the dangerous building. Leading the group, Major Kringel continued through the perilous debris-choked hall until he located the stairwell. Finding the stairwell reasonably intact and safe, he sent this first group down the stairs to safety. Major Kringel then, without regard for his own safety, returned to areas where he had heard desperate cries for help coming from what once had been offices that had been on the back exterior wall and directly above the blast. With total disregard for his own life and safety, he entered the remains of the first office and began to probe through the heavy, unstable debris. The devastation was horrific. Rubble was piled six feet deep. Live, high voltage electrical wires hung from the ceiling and the walls. Entire interior walls had been blown away, adding to the disorientation and chaos. Working feverishly, in extremely hazardous conditions, he painstakingly freed three trapped American employees, Mr. Jacques Gude, Mr. Dave Robertson and Mrs. Mary Richardson and led them to safety at the stairwell.

Finding numerous others wandering through the smoke and debris, he led each to the stairwell door and safety. He then proceeded to the area that had been the KUSLO workspaces one floor below. As he proceeded down the stairwell, movement and navigation through the devastation became close to impossible. Even the simple action of breathing became more and more difficult as the smoke became increasingly thick from a fire which had started in an adjacent 30,000-liter diesel tank that had ruptured. Despite the increasing danger, Major Kringel would not abandon the hope of finding his co-workers he knew were in the KUSLO offices at the time of the blast. Without regard to his own safety, he entered what was left of the third floor. The work areas were unrecognizable. All of the interior walls had been blown out during the blast or collapsed during the aftershocks. Despite the hazards he encountered, Major Kringel began a systematic search through piled concrete, sparking wires and twisted knife-edged metal, finding the bodies of three of his colleagues. A fourth was still alive, and Major Kringel began CPR and maintained those efforts for over fifteen minutes. Despite his valliant efforts, injuries were so severe that he was unable to sustain life until additional help arrived.



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As Major Kringel continued to assist in carrying injured people down to the ground floor and out of the building, he finally realized the full measure of the danger to those still inside. Despite the full knowledge of the dangers from the instability of the remaining structure, fires, and live electric wires, Major Kringel selflessly, calmly, and without regard for his own life and safety, repeatedly entered the building until darkness made the rescue work impossible. Blood was splattered on the walls. Body parts, brain matter and other body fluids were everywhere, in stairwells, on office equipment and the rubble. He worked without rubber gloves or protective clothing. Major Kringel dug with bare hands and retrieved broken bodies and body parts. He alone is credited with pulling eight people from the building in the course of the day. Regrettably, five of his colleagues were dead. Major Kringel worked throughout that day and through the night. After thirty-six hours, on the verge of collapse, Major Kringel allowed himself to be relieved from his place of duty.

In a day that witnessed many acts of heroism and fortitude by many people, the deeds performed by Major Kringel stand out as extraordinary. The exemplary courage and heroism displayed by Major Kringel without regard for his own life reflect great credit upon himself and the United States Air Force.

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## ***Security Assistance Points of Contact***

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**Address:**

**Telephone:**

### **DEFENSE FINANCE AND ACCOUNTING SERVICE-DENVER CENTER**

**Defense Finance and Accounting Service Denver Center** **DSN: 926-XXXX**  
**6760 E. Irving Place** **Commercial: (303) 676-XXXX**  
**Denver CO 80279-2000** **Data Fax: DSN 926-6394/7369**

**Deputate for Security Assistance**  
**Assistant Deputy Director** **6391**  
**Directorate of Security Assistance Air Force, DSCA, and SAO Accounting (IA)** **6330**

DSCA and SAO Accounting Division (IAD) 8653  
DSCA Accounting Branch (IADD) 6667  
SAO Accounting Branch (IADS) 7601  
Air Force Accounting Division (IAF) 7505  
Air Force Departmental Accounting and Recon Branch (IAFD) 6913  
Air Force Installation Accounting Branch (IAFI) 7791  
Air Force Training Accounting branch (IAFT) 7505

Directorate of Security Assistance Army and Navy Accounting (IB) 6038  
Army Accounting Division (IBA) 6111  
Army Departmental Accounting and Recon Branch (IBAD) 7934  
Army Installation Accounting Branch (IBAI) 8091  
Army Training Accounting Branch (IBAT) 8964  
Navy Accounting Division (IBN) 7384  
Navy Departmental Accounting and Recon Branch (IBND) 7934  
Navy Installation Accounting Branch (IBNI) 7384

Directorate of International Customer Accounting and Support (IC) 7234  
Security Assistance Customer Accounting Division (ICC) 7384  
Asia/Pacific Branch (ICCA) 7996  
Europe Branch (ICCE)  
Far East/Latin/Africa Branch (ICCF) 7681  
International Programs Branch (ICCI) 7484  
Mideast/North Africa Branch (ICCM) 7631  
Corporate Fund Accounting and Systems Division (ICF) 7368  
International Accounts Branch (ICFM) 7355  
Corporate Cash Management Branch (ICFC) 6006  
Systems and Policy Branch (ICFS) 6855

---

<b>Address:</b>	<b>Phone</b>
<b>Security Assistance Performance Assessment Office (IP)</b>	<b>8669</b>
<b>Security Assistance Systems Integration Division (SAS)</b>	<b>6421</b>
<b>DSCA Denver Lisison Office (DSCA/DLO)</b>	<b>DSN: 926-6178</b>
<b>6760 East Irvington Place</b>	<b>Commercial: (303) 676-6178</b>
<b>Denver CO 80279-2000</b>	<b>Data Fax: (DSN 926-6988</b>

**COMMANDER, NAVAL SUPPLY SYSTEMS COMMAND (COMNAVSUPSYSCOM)**

Deputy Commander	DSN: 442-3535
Security Assistance (SUP07)	Commercial: (215) 697-4940
Naval Supply Systems Command	Data Fax: (215) 697-4940
700 Robbins Avenue	E-Mail: Donald_Smith@icpphil.navy.mil
Philadelphia, PA 19111-5098	
Assistant Deputy Commander (SUP 079)	E-Mail: Rich_Bennis@icpphil.navy.mil

**U.S. ARMY SECURITY ASSISTANCE COMMAND (USASAC)**

<b>Address:</b>	<b>Telephone:</b>
Commander	DSN: 767-8380
U.S. Army Security Assistance Command	Commercial: (703) 617-8380
5001 Eisenhower Avenue	Data Fax: (703) 617-4338
Alexandria VA 22333-0001	E-mail: sacsgs@usasac-emh2.army.mil
	Web Site: <a href="http://www.amc.army.mil/amc/sac/index.html">http://www.amc.army.mil/amc/sac/index.html</a>
Deputy to the Commanding General	617-8383
Chief of Staff (AMSAC-S)	617-8384
Assistant Chief of Staff (AMSAC-SN)	DSN: 977-6800
54 M Avenue, Suite 1	Commercial: (717) 770-6800
New Cumberland PA 17070-5096	
Operations and Logistics Directorate (AMSAC-OL)	617-8433
Operational Policy Division (AMSAC-OL-MP)	617-5418
Logistics Systems Division (AMSAC-OL-LS)	(717) 770-6257
Product Assurance Division (AMSAC-OL-PA)	(717) 770-6697
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Asia and Americas Division	617-8027
Pacific Division	617-8921
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	Data Fax: (703) 617-6152
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Reserve Affairs	617-2981
Public Affairs	617-4259
Protocol	617-8389
Office of the Program Manager, Saudi Arabian National Guard	
Modernization (AMCPM-NG), Riyadh, Saudi Arabia	Comm: 011-966-1-498-2480
Washington Field Office (AMCPM-NGW)	617-9126
	Data Fax: (703) 617-8927

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**DSN 932-4310/4328**

**Commercial: (616) 961-4310/4328**

**Web site: <http://www.dlis.dla.mil>**

**e-mail: [mlloyd@dlis.dfa.mil](mailto:mlloyd@dlis.dfa.mil)**

### **UNITED STATES SPECIAL OPERATIONS COMMAND (USSOCOM)**

#### **Address:**

USSOCOM/SOOP-PDJ

Plans Division

7701 Tampa Point Boulevard

MacDill AFB FL 33621-5323

Chief Joint Deliberate Plans

Chief Security Assistance Issues Section

Message Address: USCINCSOC MACDILL AFB FL//SOOP-PDJ//

#### **Telephone:**

DSN: 299-3227 or 299-3351

Commercial: (813) 828-3227 or 828-3351

Data Fax: DSN 299-2158 (Unsecure)

DSN 299-2194 (Secure)

299-3227

299-3351

### **MARINE CORPS SYSTEMS COMMAND (MARCORSSCOM)**

#### **Address:**

Commanding General

Coalition and Special Warfare Division (C-38)

Marine Corps Systems Command (PSS)

2033 Barnett Avenue, Suite 315

Quantico VA 22134-5010

#### **Telephone:**

DSN: 278-3489/3779

Commercial: (703) 784-3489/3779

Data Fax: (703) 640-4039

Messages: CG MCCDC QUANTICO VA/CSW//

Director, CSW Division

278-4777

Deputy Director, CSW Division

278-4779

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Head, International Military Trng Branch	278-3723
Program Mgr (SOUTHCOM/EUCOM/USACOM)	278-2842
SOUTHCOM/ACOM/MEXICO DESK OFFICER	278-3613
Program Mgr (PACOM/CENTCOM/CANADA)	278-2688
CENTCOM/PACOM DESK OFFICER	278-4771
EUCOM/ACOM DESK OFFICER	278-3639
Quota Mgr/Program Mgr Assistant	278-1102

**DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR INTERNATIONAL AFFAIRS (SAF/IA)**

**Address:**

Deputy Under Secretary of the Air Force for  
 International Affairs (SAF/IA)  
 1080 Air Force Pentagon  
 Washington DC 20330-1080

**Telephone:**

DSN: 425-8844-7262  
 Commercial: (703) 588-8844  
 Data Fax: (703) 425-8338  
 E-Mail: lastname.firstname@pentagon.af.mil  
 or firstname.lastname@pentagon.af.mil

Europe/NATO/EURASIA Division (SAF/IAE)	425-8830
Americas Division (SAF/IAL)	425-8866
Middle East/African Division (SAF/IAM)	425-8918
Pacific Division (SAF/IAP)	425-8930
Policy Division (SAF/IAX)	425-8970
Disclosure Division (SAF/IAD)	425-8890
Weapons Division (SAF/IAW)	425-8802
Air Force Attaché Affairs Office (SAF/AFAAO)	425-8334
Saudi Division (SAF/IAS)	425-8956
Armaments Cooperation Division (SAF/IAQ)	425-8990

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## ***SECURITY ASSISTANCE CALENDAR***

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28 Feb-3 Mar 00 USCENTCOM Worldwide Foreign Disclosure Workshop, Tampa FL (E-mail, 20 Dec 99)

8-17 Mar 00 HQ USPACOM TPMR, Kuala Lumpur, Malaysia (DSCA 221227Z SEP 99)

15-17 Mar 00 HQ USPACOM Budget Conference, Kuala Lumpur, Malaysia

27-31 Mar 00 HQ USEUCOM SA Conference, Grainau Germany (071310 DEC 99)

10-14 Apr 00 HQ USSOUTHCOM TPMR, Miami FL

1-5 May 00 HQ USCENTCOM TPMR, Tampa FL

15-19 May 00 HQ USEUCOM TPMR, Grainau GE

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# ***RESEARCH AND CONSULTATION***

Is there a security assistance procedure, requirement and/or program guidance which is [or has been] presenting a significant problem in accomplishing your security assistance function? If so, DISAM would like to know about it. If you have a specific question, we will try to get you an answer. If it is a suggestion in an area worthy of additional research, we will submit it for such research. If it is a problem you have already solved, we would also like to hear about it. In all of the above cases, DISAM will use your inputs to maintain a current “real world” curriculum and work with you in improving security assistance management.

Please submit pertinent questions and/or comments by completing the remainder of this sheet and returning it to:

DISAM/DR  
2335 Seventh Street  
Wright-Patterson AFB OH 45433-7803

or  
Data Facsimile Number: DSN 986-4685 or Commercial: (937) 656-4685  
or via internet: research@disam.wpafb.af.mil

1. Question/Comment: [Continue on reverse side of this page if required.]

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2. Any Pertinent References/Sources:

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3. Contact Information: \_\_\_\_\_  
 Name \_\_\_\_\_  
 Address \_\_\_\_\_  
 Telephone Number \_\_\_\_\_

4. Additional Background Information: \_\_\_\_\_

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